



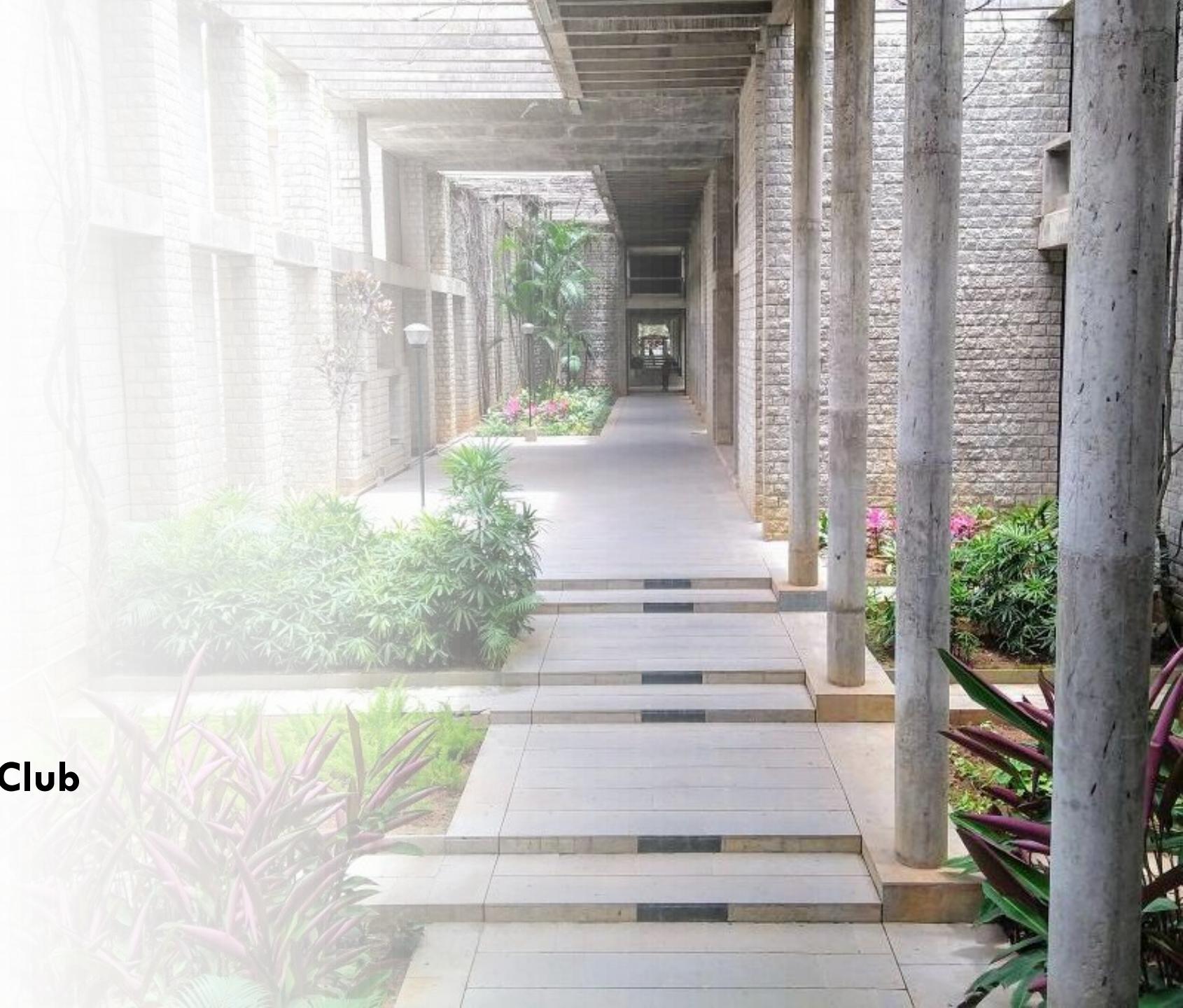
IIMB Casebook and Industry Reports

2022-23

Volume 12 (a)



**ICON – Consulting Club
IIM Bangalore**





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Foreword



This casebook documents the interview experiences of the students of IIM Bangalore. The aim of sharing these experiences is to inform students about the case interview experiences of past batch and to help them prepare for their placements accordingly. The experiences listed below are not necessarily the best or the only way to handle case interviews. They only serve to give students an idea of what to expect when they walk into a case interview. Every individual could have his/her unique way of tackling consulting interviews, each of which could be correct.

This document has contributions from students who appeared for campus interviews conducted by consulting firms during the summer and the final placement process over the last year (2021-22). The interview experiences have been sorted based on the type of case, consulting firm, difficulty and the round in the selection process. Special thanks to all the contributors!

In this edition, to provide holistic preparation for the case interviews, we have included 20 industry reports as well. The aim of these reports is to provide a basic understanding of the industry's value chain, key performance metrics, current market trends and major drivers for cost, revenue and growth. Even though having industry-specific knowledge is not mandatory for case solving, having a basic industry understanding helps tackle case interviews better.

Team ICON wishes you the very best for your summer placements!

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Case Interviews

- ❖ **Personality** based ques. (5 min); **Case** discussion (20-30 min); **Closing ques.** for interviewer (2 min)
 - ❖ Know your CV well → personality ques are based on CV to break ice and getting to know you
 - ❖ Case discussions don't have a predetermined answer. Evaluation is based on approach, exercising judgements and steering through the problem statement
-

Business Case

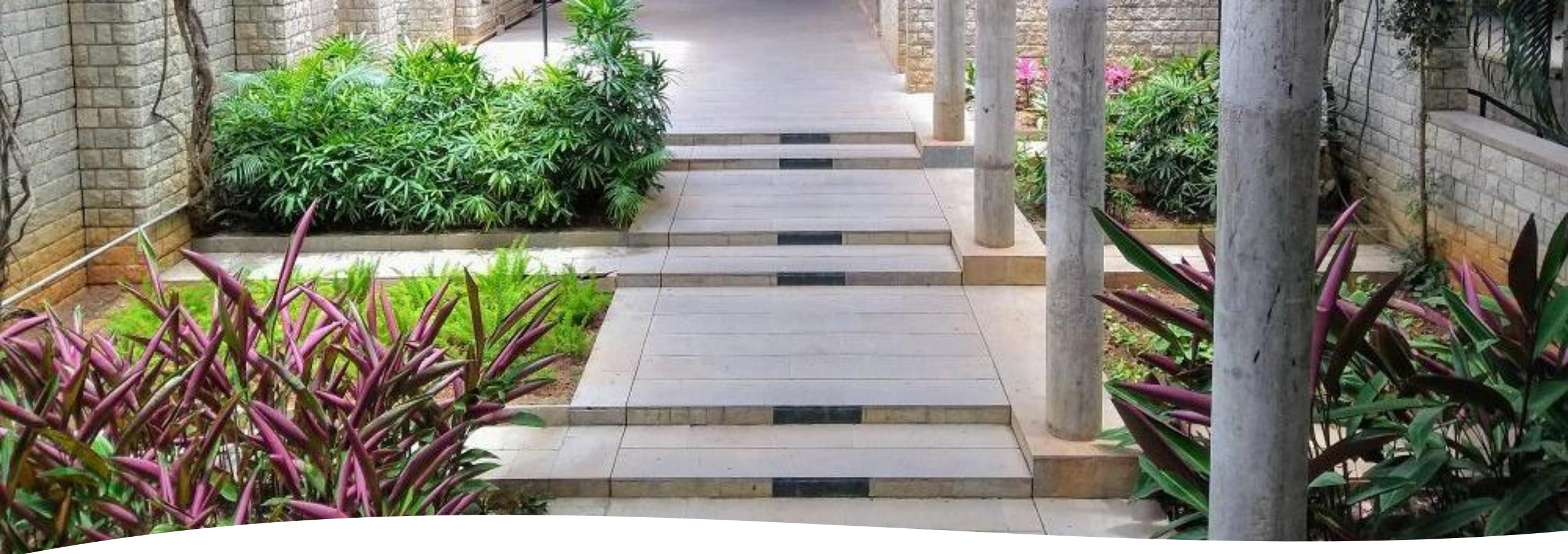
- ❖ **Real life consulting project**, that the interviewer was involved in → basis of case discussion
 - ❖ Consult projects can vary from 2-3 months to even a year → condensed into minutes for interviews
 - ❖ Provided as a 3-5 statement caselet introducing the client and problem faced by them
 - ❖ Can be number based or strategy driven; guesstimates can be a part as well
-

Why Case Interview?

- ❖ Test the **ability to perform on the job** in a similar setup as the case-interview (consult-fit)
- ❖ Understand **thought process** of the candidate and capability to make decisions/ prioritize
- ❖ Put you **under same pressure**, like any consult project, to assess your poise, self confidence and communication skills (interpersonal skills)
- ❖ Drawing on personal experiences, if any, can come very handy – appreciated by interviewer

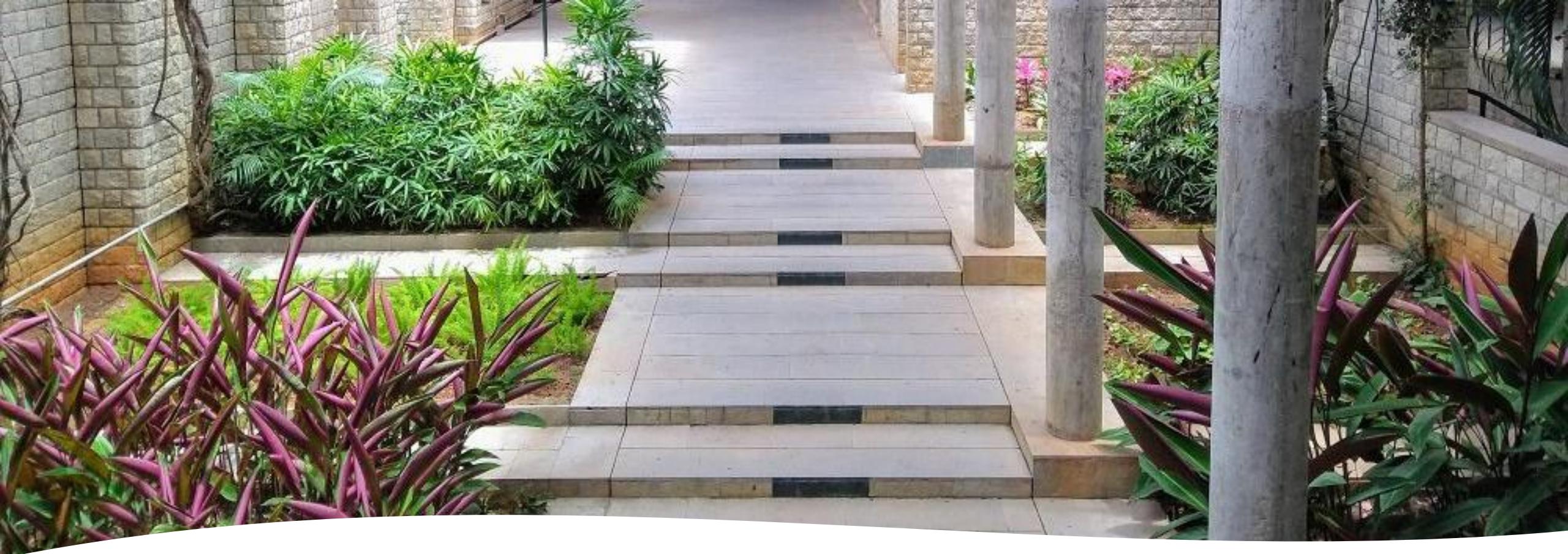


Interview Stage	What to expect?	Skills Tested
Case Interview Question	<ul style="list-style-type: none"> ❖ Interviewer tells about the business problem and objective ❖ Ask clarifying questions; ensure you heard the question correctly 	<ul style="list-style-type: none"> ❖ Ability to listen and synthesize
Developing the structure	<ul style="list-style-type: none"> ❖ Ask for time to structure the problem at hand ❖ Come-up with a structured MECE approach quickly 	<ul style="list-style-type: none"> ❖ Structured thinking ❖ Communication
Case Analysis	<ul style="list-style-type: none"> ❖ Use a hypothesis driven approach for case solving ❖ Ask relevant questions, use 80-20 rule appropriately ❖ Case can get number intensive 	<ul style="list-style-type: none"> ❖ Problem solving ❖ Analytical skills ❖ Communication
Summary/ Recommendation	<ul style="list-style-type: none"> ❖ Summarize the case with recommendations backed up by insights discovered in the case 	<ul style="list-style-type: none"> ❖ Creativity ❖ Concision ❖ Communication
Questions for Interviewer	<ul style="list-style-type: none"> ❖ Opportunity to show enthusiasm towards consulting ❖ Ask relevant, non-generic question 	<ul style="list-style-type: none"> ❖ Consulting fit



IIMB Casebook

2022-23



IIMB Profitability Cases

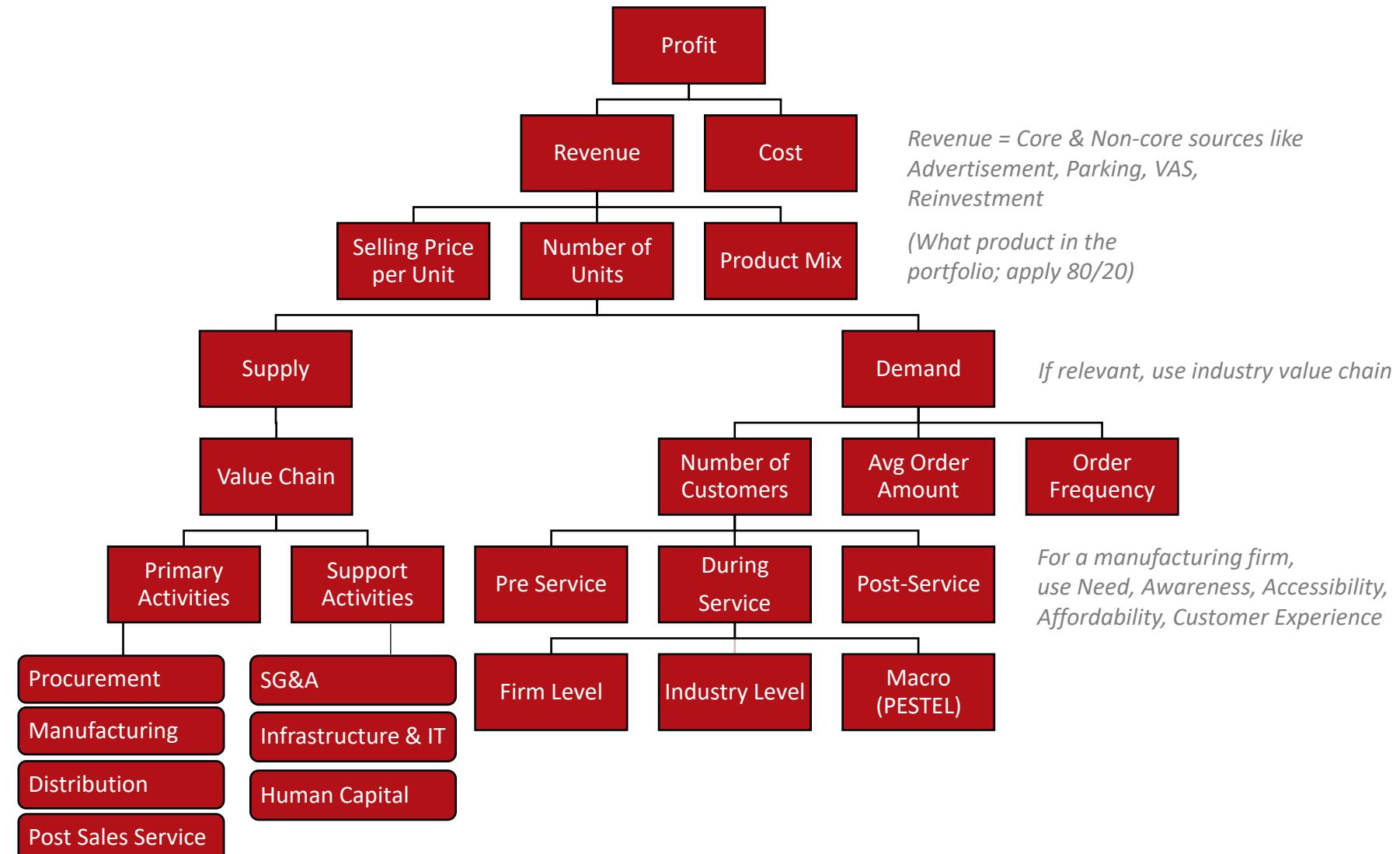
2022-23

Profitability Framework - Revenue

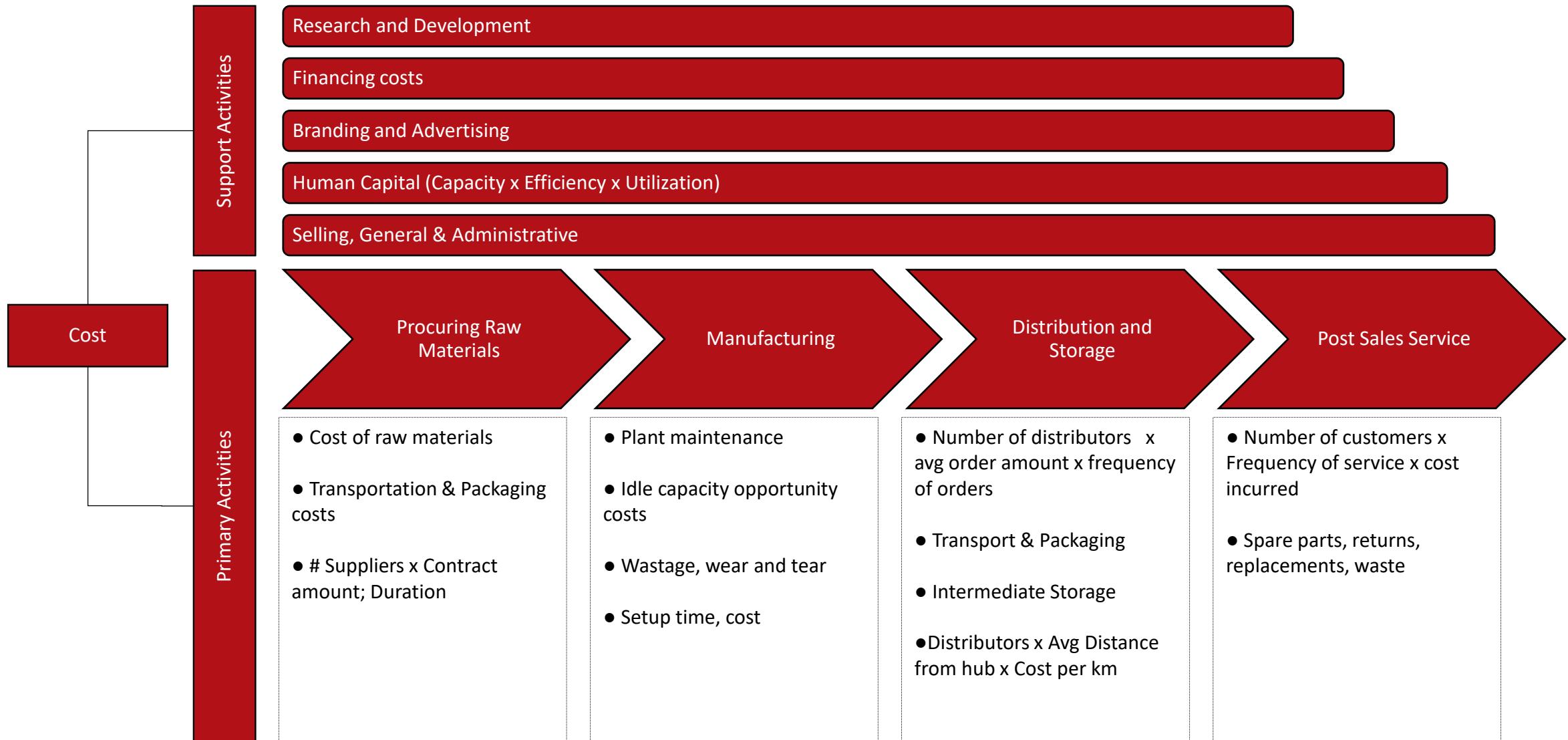


Preliminary Questions

- Clarify objective, quantum of change in profit and timeline
- Geography - Location of the firm, its branches
- Business Model – Where does the firm lie in the value chain? What are its revenue streams and distribution channels?
- Understand customer segments
- What is the product mix? Any new differentiation/ change in products?
- What is the competitive landscape?



Profitability Framework - Cost





The ATM department of a major retail bank is facing a decrease in profits. You have been hired to identify the root cause of the issue and provide recommendations

Before delving deep into the problem, I would like to ask a few clarifying questions about our client. What geographical location does the bank operate in? What all services does it provide and how are these services different from other banks?

The bank is like any other retail bank in India. It operates pan-India and has the same services and customer base as other retail banks. But you can just focus on the ATM department of the bank.

Sure. For how long have the profits been decreasing? Is this decrease in profit specific to the ATM department of the bank? Is it restricted to a particular geographical region?

The profits have been decreasing for almost a year now. The decrease is specific to the ATM department. Also, this decrease has been observed only in Mumbai.

And this decrease in profit in Mumbai has been seen only for our client or other banks are also witnessing the same ?

The decrease is specific to our client.

Sure. Let me just reiterate the case once to make sure I have understood it clearly. Our client is a major retail bank in India which has been seeing decreasing profits for the past 1 year in the ATM department. This decrease is specific to our client and is restricted to the Mumbai region. We want to analyze the reason behind the decrease in profits and come with recommendations for the client. Do we have any other objective?

No, that's all. You can continue.

Alright! Profit can be broken down into revenue and cost. I would like to understand if the declining profits is due to declining revenues or increasing costs?

Both. Revenues have declined and costs have also gone up. Let's focus on cost for now and then analyze revenues later.

The costs for the ATM division can be broken down into fixed costs and variable costs. In fixed costs we will have operating costs like electricity and utilities, security guard and staff salaries and rent for ATM machine spaces. Variable costs include costs for value added services. Do we any data indicating an increase on any of these costs?

There hasn't been an increase in any of the costs you've mentioned. Can you think of any other costs like transaction fees?

Yes. Another major cost for the ATM division can be interbank cash withdrawal. When a customer with account in Bank A withdraws money from ATM of Bank B, he/she has to pay some transaction fee to Bank B. For the first 3-4 transactions this interbank withdrawal is free for the customers and Bank A pays on behalf of the customers. Has there been an increase in this interbank transaction fee that our client has to pay to other banks?

Yes, indeed. Our client has seen an increase in interbank transaction fee it has to pay to other banks. Can you think of a reason why this would've happened?

Before I can think of a reason, I have a few more questions. Can I ask them?

Sure.

Has there been an increase in the number of card customers for our client over the past one year. If yes, has the number of our ATMs increased in same proportion?

Yes. Our client has released a new promotion in Mumbai last year because of which customer base of the card divisions rose by 7%. And no, the ATMs have not increased.

This might be the reason of increased costs of interbank transaction. New customers of the bank are using ATMs of banks other than ours to withdraw money. Since our client has to pay the transaction fee on the first 3-4 interbank transactions, their costs are increasing with the increasing customer base. New customers are using other bank ATMs because of 3 reasons. First, they are used to going to their old bank's ATM. Second, more accessible ATM locations of other banks. Third, less ATMs of our client.



This was precisely the problem. Can you think of how this problem could have led to a decrease in our revenues?

The one major reason in decreased revenue of the ATM department could be since our client's customer base is increasing the customers must be switching from other banks to ours. This would decrease the number of interbank transactions other bank's customers are doing in our ATMs thus decreasing our revenues from transaction fee from customers of other banks.

Great! Can you provide recommendations to our client to tackle this issue?

We can divide the recommendations into short term and long term. A short-term recommendation that is easy to implement is to do nothing. Since the sudden increase in customer base is transient and after the first 3 free transactions the bank will not be liable to pay the fee, the costs will go down. Short term recommendation that is difficult to implement is providing incentives to customers to use our ATMs. Long term recommendations include opening more ATMs in better locations.

Great! We can close the case now. Thank you.

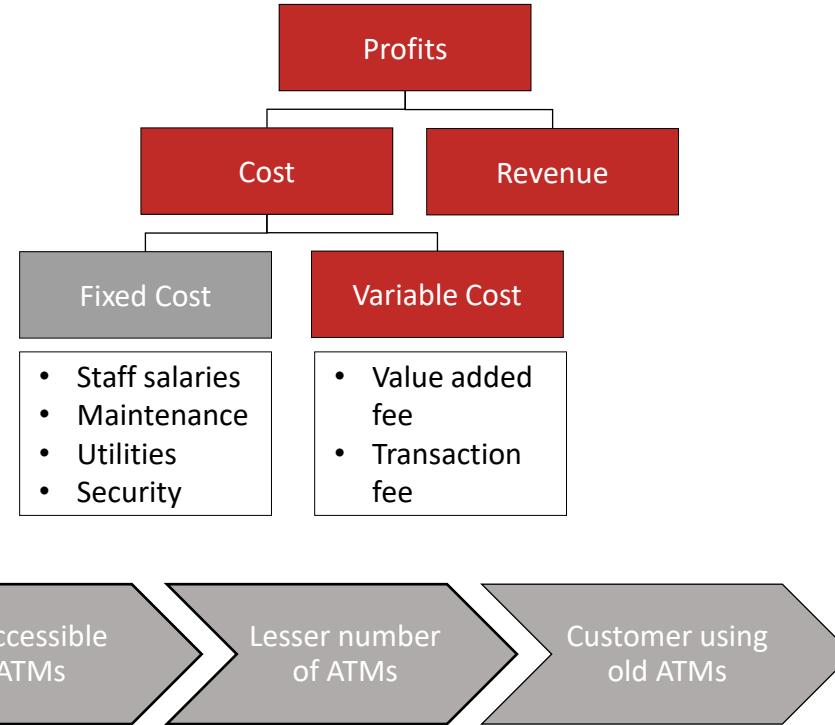
Case Statement

- Decline in profitability of ATM division of a retail bank
- Analyze reasons for decline and provide recommendations to improve profits

Interviewee Notes

- Improve profitability with a focus on costs
- Listing down all possible cost i.e., both fixed and variable involved in a ATM banking setup
- Increase in inter-bank transaction cost

Structure/ Framework



Key Takeaways

- Focus on elimination of factors as early as possible to drill down to the root cause
- Enumerate the potential cost involved by experiences from your own life
- Keep a look out for any hints that the interviewer may give to lead you to the desired answer



Your client is a medium size restaurant that ventured into online food ordering. Revenue from the online mode is not matching with its forecast. Identify the reason and also provide the solution if possible.

I would like to know more about this client. So, from which location it operates, in what kind of customer itself and what kind of restaurant it is and about its online business whether it is listed on some kind of aggregator platform or it is having its own platform.

Okay so you can assume that client is based out of Tier 2 location, about the customer segment mainly it consists of family and it is full service restaurant which is having dine-in and banquet. Coming to online business it is having its own platform as there is no presence of food aggregator like Zomato or Swiggy.

Okay and now it I would like to know more about the problem since when it is facing this problem and what is the quantum of the problem?

So this client is facing problem since inception which is 3 months and from the online business it is not even able to break even.

To get down the problem of profit into revenue and the cost. Revenue is nothing but number of customers * revenue per customers * purchase frequency while cost will involve several other factors. So, do you have any information on whether the revenue is going down from the online business or the cost is increasing ?

You can focus on the revenue as well as cost.

For the revenue part either the number of customers are not enough or the basket size per customer is very less or repeat customer it is very less so do we have any information on which part is reducing.

Focus on repeat customer part.

I would like to breakdown this into mainly four part which is awareness, accessibility affordability and the customer experience.

So, for the awareness part we can look at the different kind of marketing or communication channel which plan it is using to spread awareness about this kind of new online channel that it has entered into about actually but if we can know whether this application is serving like some area of the city or the full area about affordably we can see that whether the prices of the food items are similar to items which are on the menu if someone opts to dining and the customer experience we can split into three parts which is pre sales, during sale and post sales what we can do is we can look at the search part, food ordering part and overall app/website experience; in the sales we can see the discount, payment mode, delivery charge and delivery time in post-sales we can look into the food experience and delivery experience.

So client is serving across whole city, about awareness part, we have seen that customers are not opting for the discounts, while in the case of customer experience, customers are having bad feedback about time of the delivery.

First, I'll start with awareness part, first I'll look at the internal factors so there can be two type of offers, cashback or partner offers, do we have any information on type of discounts we are offering? To avail the offer there can be several conditions such as basket size, cashback deposited into wallet or some issue with visibility of offers or app experience.

Coming to the external part, there can be competitors providing better offers due to which we are facing churn rate.

You can focus on the customer experience part as offers we are providing are cashback only and there is no issue with conditions that we put to avail them, and we are the only player which is online so you can ignore external factor.

As mentioned earlier, we can look at the customer experience in three parts, do we have any info on the same.

You can look at the delivery time.

Either there can be owned or outsourced delivery fleet.

Client is having its own delivery fleet.



Delivery time can be higher due to internal factors such as address mapping, route optimization, improper training to the employees, order assignment or number of delivery fleet. While for external factors there can be issues with weather, traffic, vehicles etc.

So you have correctly identified the problems, one of the key problem is that client doesn't have enough delivery person to deliver to the entire city, what do you suggest to solve these issues?

We can see if our client is using third party map service provider like google or its inhouse developed, based on that, we can improve our address as we increase deliveries. We can also use advance analytics to optimize the routes and orders assignment.

To handle manpower issue, we can design capacity based on the average and peak capacity of the orders and based on that we can have flexi manpower to reduce the costs. We can also explore outsourcing delivery service as third party players have better experience with respect to all the problems mentioned above.

Interesting, what parameters will you look at to estimate the capacity, and any other suggestions apart from what you mentioned?

Good. Can you also tell how will you prioritize your recommendations?

We can look at the impact (financial and non-financial impact) vs ease of implementation (in terms of resources and capabilities).

Okay, we can now close the case.



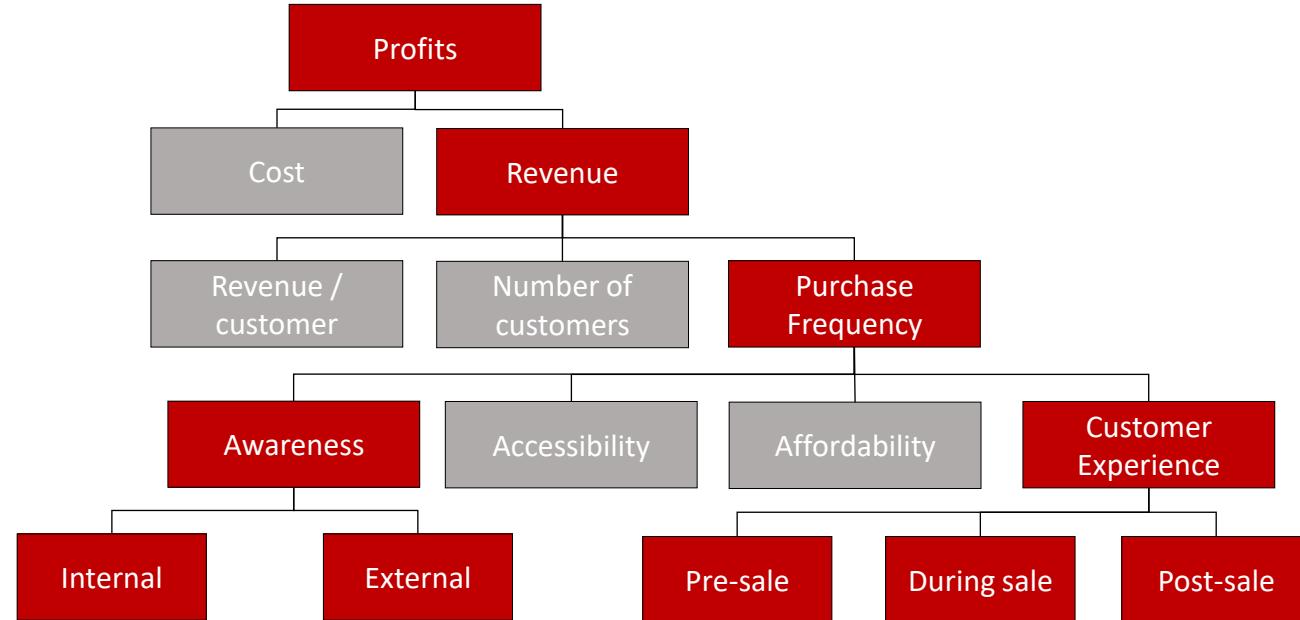
Case Statement

- Client is a medium sized restaurant ventured into online food ordering business.
- Revenues does not match forecast. Need to identify reasons.
- Need to devise profitability strategy.

Interviewee Notes

- Inhouse online delivery platform.
- Newly ventured in online delivery business.
- Operating in tier 2 city.
- Dining, banquet and online delivery business.

Structure/ Framework



Key Takeaways

- Understanding the consumer journey is the key to arriving at solution.
- Breaking down the customer experience to get down to delivery time is the important step.
- Problems contaminating in house delivery fleet and outsource delivery fleet should be evaluated carefully.



Good Morning! The case I have for you is around the insurance industry. I have been working on bringing in digital transformations for insurance giants. Do you have any exposure to this industry before?

That sounds interesting But I don't have any such exposure yet Sir

No problem. So, let us assume there are three segments within an insurance company - call it A, B, and C. They have different automation rates currently. Segment A has 95% of its claims automated, B has 90%, and C has 70% of its claims automated as of now. Can you tell me where a firm should put its resources for further automation?

Sure sir. (Confirmed the case statement). I think that would depend on the objective here. Is it fair to assume that it would be a cost reduction?

Yes, you can go forward with that objective.

In that case, I would try to estimate the cost savings such automation would bring in for different segments. The cost savings would be a factor of the scope of automation left in terms of percentages, the volume of claims coming into each segment and the cost of processing claims for each segment. Can you help me with the data, please?

Yes, that sounds correct. Assume A, B, and C have 7Mn, 13Mn & 5Mn claims, respectively. The claims processing process can be assumed to be the same for each segment. Assume that each claim takes around 20 minutes to be processed by one underwriter.

Right, thank you for the information, Sir. Since we don't have the data regarding the hourly salary of an underwriter here, I would try to find the cost in terms of abstract units. Would that work?

Yes, Correct

The potential cost savings for each segment would be given by $(100 - \text{the current percentage of automated claims}) * \text{Volume of claims} * \text{Minutes taken to process each claim}$. That would give 700 units, 2600 units and 3000 units for segments A, B and C, respectively. Hence, segment C has the most potential for cost savings.

Correct. If wage of each underwriter is \$20/hr. Calculate the cost savings in USD?

Yes sure, Sir. In one hour, 3 claims can be processed. Hence the processing cost of each claim would be \$6.66. The potential cost savings for each segment can be calculated by $(1 - \text{current percentage of automated claims}) * \text{Volume of claims} * \text{Cost of processing 1 claim}$. Hence, we'll be able to save \$2.33Mn, \$8.66Mn and \$10Mn for segments A, B and C respectively.

Correct. So, would you go with segment C for automating?

No, not yet Sir. I would also want to understand the cost of implementation here. It could be possible that for some segments, building the underwriting analytics engine would be more expensive due to lack of previous data, lack of standard processes/forms/information requirements, difficulty to build the model etc

Let's assume that segment A corresponds to large corporates, B corresponds to MSMEs and C to retail customers. What do you think about the cost of implementation in each of the three?

Sir, I don't have prior exposure to underwriting, but according to what I can imagine, large corporates would have very customised balance sheets, corporate structures, insured asset classes etc. The complexity of frauds can also be much more nuanced for them. For retail customers, I imagine there would be a standard form that all customers would need to fill - so that it would be easier to turn into data that can be used to train and predict using machine learning algorithms.

It actually is the opposite. It is easier to regulate the large corporates and the insurance companies can exert a lot of regulatory power there. But for retail individuals, the data complexity is much more as it could be possible that they might not know the English language or what to write in what block or just the sheer volume of potential fraud applications can be very huge.

Yes sir, I see your point. It makes a lot of sense to me now. I'd love to read more.

Thanks a lot. It was nice talking to you!



Case Statement

- Determining which segment to increase funding in based on automation rates to enable digital transformation
- Calculate Cost Savings for the segment

Interviewee Notes

- Automation Levels
 - Company A – 95%
 - Company B – 90%
 - Company C – 70%
- Objective: Cost Reduction
- Volume of Claims
 - Company A – 7M
 - Company B – 13M
 - Company C – 5M
- Underwriter Wage = 20\$/hr

Structure/ Framework

$$\text{Potential Time Saving} = (100 - \% \text{ of Automated Claims}) \times \text{Volume of Claims} \times \text{Minutes/Claim}$$

$$\text{Potential Cost Saving} = (100 - \% \text{ of Automated Claims}) \times \text{Volume of Claims} \times \text{Cost/Claim}$$

Key Takeaways

- If you are not aware of the industry, it is best to take help from the interviewer. They would be happy to guide you
- Assumptions are key while calculating potential savings – Time and Cost in this case



Case Statement : Your client is a manufacturing company, and the company is seeing a drop in the profitability. Find the issue and recommend solutions.

Interesting. I would like to begin with a few clarifying questions. Where does it operate out of? What product does it make? How long has the company been facing the issue?

It is an Indian company. It manufactures packaging materials (like carton box) for B2B clients- E Commerce and Consumer Durables (Electronic appliances, etc.). The company has been facing the issue for the last 2-3 quarters.

Okay. Also is the whole industry facing the issue or only the company? What has been the quantum of drop and can I assume profitability to be the same as profit?

No, it is a company specific problem. You can assume profitability to be the same as profits and the quantum is irrelevant.

Thank you. Profit can be broken down as (revenue – cost). I would like to understand if the declining profits is due to declining revenues/increasing costs or simultaneous change?

Revenues have remained the same. However, the costs have gone up. I would like you to focus on the cost head.

Ok, I would like to proceed by analyzing the value chain of the firm and see if the issue lies in any of the components.

Sure, go ahead.

The value chain consists of R&D, Procurement of raw materials, Processing, Storage and Distribution, Retail, Marketing & Sales, After sales service and Financial cost. Would you like me to focus on a particular component?

Could you tell me some of the cost heads under each component?

Sure, R&D consists of human capital and equipment costs. Procurement of raw materials consists of price, quantity and mix of raw materials, contracts, etc. Processing cost consists of labor, factory rent, machinery, etc.

(Interrupting me) So, the problem lies in the Processing step.

So, I shall use the process journey to narrow down on the possible cause. Will that be okay?

Sure, go ahead.

Thank you. So, the Processing step consists of Offloading of raw material at the processing center, Core processing consisting of steps like cutting, painting, varnishing, etc. and Onloading of processed goods. Could you please tell me which step should I focus on?

Focus on the Core processing part.

I would divide the costs involved in the processing step into costs related to People, Process and Technology. People costs include costs related to labor, supervisor, etc.. Process costs include costs related to machinery, factory rent, etc.. while Technology costs include costs related to computer, software upgradation, etc.. Could you give me some idea on which cost head to focus on?

Focus on the Process costs. Specifically on machinery cost.

Sure. Let's divide Machinery costs into capital/purchase costs of new machinery, machinery operation costs such as water, electricity, fuel, coolant, etc., maintenance costs like oil, lubricants, insurance, etc. Do you think I am missing out on something?

So, the quantities of oil and lubricants have gone up. Could you tell me why this could be happening and some recommendations that I should give to the client?

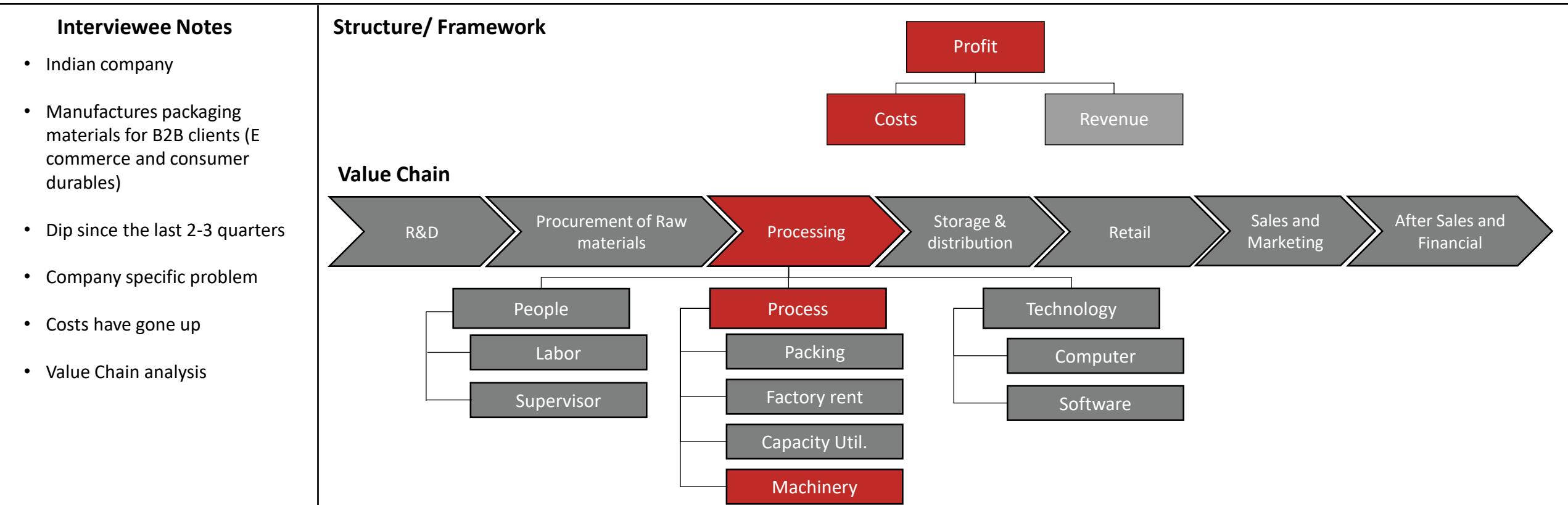
Sure. Some of the reasons can be that the fleet of machines are near to completing their useful life and/or new machinery of low quality has been purchased in the last 2-3 quarters therefore it is requiring high maintenance.

Short term: Make an audit of all the machinery used in the company. Write off the machines early/operate them on low capacity which are near to completing their useful life.
Long term: Identify & replace low-quality machines with high quality machines in phases

Sounds great! We can close the case here!

Case Statement

- Your client is a manufacturing company, and the company is seeing a drop in the profitability.
- Find the issue and recommend solutions.



Key Takeaways

- Consider wastage of raw materials and wastage during processing as well
- Consider offloading and onloading in Procurement and Storage steps respectively
- Divide Processing step into Raw material -> WIP -> Finished Goods. Processing cost could also be divided in to Labor and Overhead cost



Good Morning. How is it going?

Good Morning Sir. It is going well.

Excellent, I want you to solve a problem for our client, Suba-Kasi Logistics. They are a transport company providing logistics services across India to business customers. Increasingly, they see a decline in their profits. Could you help them with this?

Sure Adithya. (Confirmed the case statement). Could you give me more information about Suba-Kasi Logistics? Who are its customers? Does it provide road and air freight service?

Its main customers are e-commerce companies who use its services for transporting goods across all states of India. It provides freight services through land only.

Okay. Thank you for that information. Essentially, the company could be facing reduced profits because of two things – either a decline in sales or increase in operating expense. Reduction in revenue is a function of price, volume and increase in costs could be due to a variety of external factors. Can I take a moment to gather my thoughts?

Sure, go ahead.

Decline in sales could be due to the following reasons:

Competitors – competitive pricing, substitutes to road freight services - Air Cargo, Railways, increase in price due to change in regulatory environment like increase in cross-state border taxes leading to reduction in the demand for the company's services and lastly revision of contracting terms might have led to loss of customers. Increase in operating expenses may be due to rise in fuel costs, road tax, relying on sub-optimal routes due to temporary construction work/new toll booth installations, increase in labour expense/labour union strike etc., and increase in maintenance costs of the truck due to depreciation. Do you want me to delve into both sides of the problem?

I want you to concentrate on the revenue angle.

Okay. Have we slashed our prices? Have we lost our customers to competitors - hence a possible reduction in volumes?

No, our rates have remained the same and we haven't lost our customers.

For logistics companies, pricing rates are based on tonnage of weight and distance travelled, that is INR X price per ton per km. A possible reason for the reduction in revenue is that, even though we may have retained all our customers, we might be getting more orders for shorter routes and lesser tonnage.

Do you think the pricing system you mentioned is viable for the logistics company? Is it profitable for the company to send a single half ton carton across the country?

No, Adithya. Charging based on weight and distance constitutes only the variable aspect of the pricing. Usually, a fixed component is charged for each trunk.

Could you write down the pricing equation and explain how this could be impacting profits?

Two fully loaded (in terms of physical space capacity) trucks may be generating different revenue for the same distance as one might be carrying lesser weight owing to the design of the consignment. For example, carrying two wardrobes will engulf the space in the truck but with respect to weight, it might be much lesser than a truck carrying neatly stacked cartons of chocolates. Therefore, while the cost of fuel and labour remains the same, decrease in revenue impacts profits.

Well, that is precisely the issue, due to the increasing variety and shape of consignments from various e-commerce companies, there has been a sub-optimal utilization of truck space. What are your recommendations for Suba-Kasi Logistics?

Revising the pricing strategy and providing different pricing options. Combining B2B consignments with B2C consignments which may act as filler to the air spaces and provide an additional revenue stream. Development of a standard operating procedure for optimal stacking of the trucks.

That would be all Karthikeyan. Thank you.

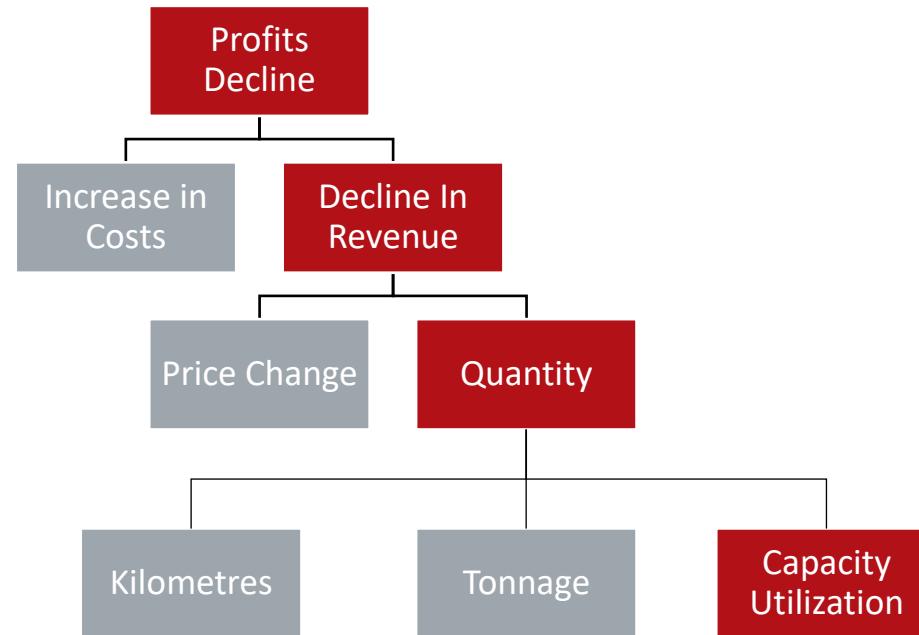
Case Statement

- A transport company providing logistics services across India to business customers. Increasingly, they see a decline in their profits which we must look into

Interviewee Notes

- Customers – E-Commerce Companies
- Land only logistics
- No slashing of prices
- Sub Optimal Utilization

Structure/ Framework



Key Takeaways

- It is important to cover all possibilities and MECE the problem statement – mode of logistics, clients, etc.
- Competitors play an important role in determining your demand and pricing strategies



Your client is an Electronics Company in India, and its Profit has been declining. Analyze the problem and suggest recommendations.

Thanks for the case. Before I dive deeper into the analysis, I want to understand a bit more about the context. Can I ask a few clarifying questions?

Sure, go ahead.

In which part of the geography does the client operate? What is the product portfolio of the client? Since when has the client been facing this issue? What is the quantum of the decline of profits?

The client has its presence in India, and it sells its product across the country. They manufacture the items near Haryana and ship them to all parts of the country. The product comprises home and kitchen appliances. The client has been facing this issue for the last two years and the Profit has been going down by 10-12%.

Thanks for the info. In India, is there any particular region/state facing declining profits? Do they manufacture the products themselves, or they have sourced them to any third party. Do we have major competitors in the market, and how are they doing?

Great questions. Only the East and North region are facing the issue. They have an in-house production facility. The client has 5-6 major competitors. All of them have equal market share more or less. They are not facing any problem.

So, Profit can go down because of declining revenues, or increasing costs or a relative change of revenue and cost is happening in such a way that overall Profit is going down. Which of these is causing the issue in our case?

Revenue has been increasing at a steady rate, but the costs have risen at a much faster acceleration, due to which the overall Profit is going down.

Sounds interesting. Let me look into the value chain of the electronics industry.

Go ahead.

First of all, raw materials must be procured from the suppliers, transported to the production facility in Haryana and stored in the Warehouse. Then the production happens, post which the finished goods inventory must be kept for dispatch in the Finished Goods Warehouse. Then the outbound logistics of the finished goods happen when the order arrives. These are the primary core activities. There must be supporting areas as well, for example R&D, Rental cost, Sales & Marketing, Digital Infrastructure etc. Do you think I have missed anything?

No, you have covered everything comprehensively. Let's focus on outbound logistics. How do you think outbound happens in this industry?

Once the Finished Goods are manufactured, it should be shipped to a Central Warehouse. Then from the Central Warehouse, the items must reach the regional Warehouses. Finally, upon the arrival of orders from the retailers, the items must be shipped to the retailers.

Excellent. Now focus on why the East & North Region are facing higher costs.

Thanks for the direction. I would further like to divide the costs into transportation and storage & warehousing costs.

Great, in the client's case, both the transportation and the Warehouse costs are increasing. There is ineffective route planning which is leading to higher run kms by truck, additionally, trucks are underutilized. The client has regional Warehouses in Kolkata and Guwahati in the East region and Lucknow and Sonipat in the North region. Rental cost is very high in Kolkata and Lucknow, and warehouses in Guwahati and Sonipat are sitting idle due to less demand. Suggest some recommendations.

In the short term, we can try to shift our Warehouse location, for example we can shift Kolkata Warehouse to Patna, and similarly Lucknow Warehouse to some nearby town. Additionally, we can shut down the Guwahati and Sonipat Warehouses or lease the place to someone. In the long term, we can form a strategic partnership with a 3rd party logistics firm as they have expertise in the field.

Great recommendations. We can close the case here.



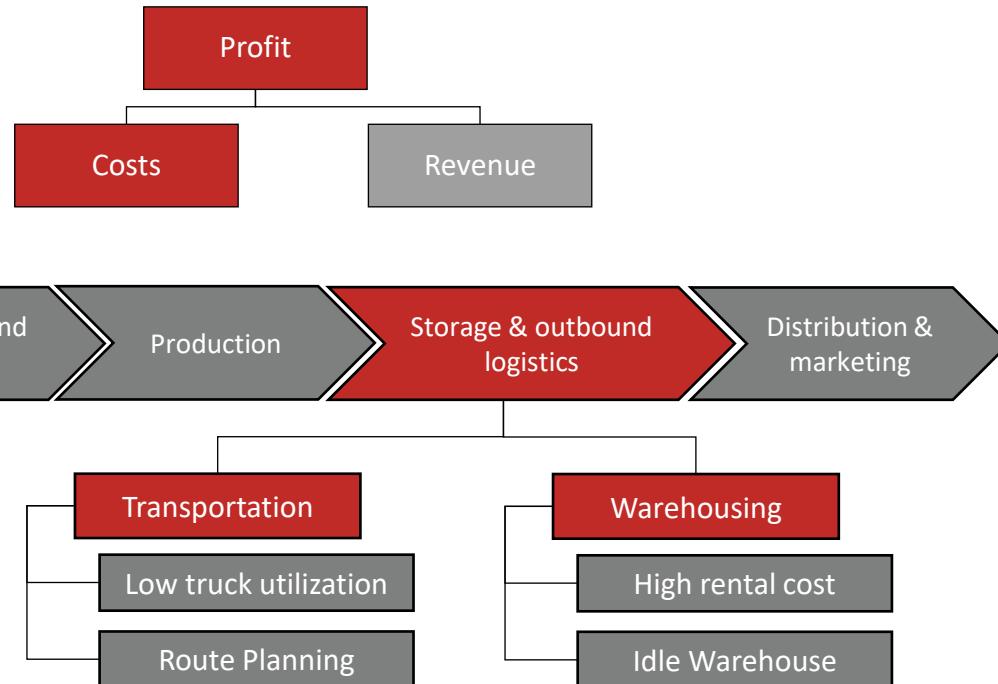
Case Statement

- Client is an electronics company, facing declining profits. Revenue has increased and the cost have risen at a higher rate.
- Analyze the problem and recommend solutions.

Interviewee Notes

- Start with Profitability framework.
- Lay down the exhaustive steps involved in the value chain
- Recommend solutions by breaking in a logical form such as short term/ long term, or cost vs impact etc.

Structure/ Framework



Key Takeaways

- Take interviewer buy-in at every step. Be exhaustive and pin-point the geography where the problem lies.
- Interviewer was pleased with the industry specific knowledge.
- Break down the recommendations into short term and long term.



Your Client is a Global Tools Manufacturer and is one of the top players in the market. However, India division, which was started a few years ago, have not been profitable. They have asked you to identify the problem and suggest solutions.

Before presenting my approach, I would like to clarify few things

Sure! Go ahead.

Can you tell how big is our Player and I assume we have not been able to be profitable since our beginning.

He is a \$30 billion (Topline) dollar company with India share than 5% currently. Yes! You are correct. India is unprofitable since inception.

Can you tell me more about the product offering, our product mix and who are our Target Customers. ?

We manufacture tools like chisel, hammer. Our target customers are carpenters, repair shops and direct to household for home use.

Can you tell me more about where is the company located, its manufacturing?

We currently import from our global plants and have manufacturing at few locations throughout India.

Understood! Can you tell me how do we reach our customers? Is it through local distributors or any other way?

It is through our distribution channel, and we have presence across the whole country.

Can you tell me more about the competition? Are they also facing similar issues or is it firm specific?

There are three major players in the market, and they have no such issues. You can assume it is firm specific .

Can I assume that problem is not specific to one product and present my approach?

Yes

So, Profit is a function of Revenue and Cost. Is there any data available on how are our revenue and cost structures are as compared to our competitors?

You can focus on revenue part alone. Though we import our cost is at par with our competitors as we can leverage economies of scale by manufacturing at high volumes.

So, revenue is volume sold * price per piece. How do your price and quality of your product fare with that of the competitors?

Our prices are almost on par with competitors and quality a little higher, but as you know, these are just tools there is not much to differentiate.

I then think it is safe to say we are not able to sell as many quantities as expected and the problem lies there.

Yes, of course

So, I would like to look into the value chain to identify the problem. The first part is the manufacturing, then are the distribution push and the customer pull.

Focus on the customer part. There are no issues concerning production and with the distribution.

The problem can be on any of the following parameters. The product itself, price, place and promotion. But looking at that is not much to differentiate. I would focus on promotional aspects.

Yes, Yes! (Pushing to finish fast)

Can you tell me on our different promotion channels and how it fares to competition. I can think of marketing to the local tools man with TV ads, some local Trade shows, and similar activities.

These are some channels, and there is no difference in any of them. We are doing to as much and in all channels as our competition.



Okay. So, the only reason I think this could be a problem would be on Brand Perception. Being a non-differentiable item, people are very comfortable with current working tools and stick with them.

Yes, you are correct. They just are too comfortable, and we are not able to increase our market share at all. Can you suggest ways to rectify it?

Sure, give me a moment let me consolidate my thoughts.

Sure !

I could think of two ways to do so -

- Decrease price or provide discounts but this would not be feasible and might not work in the long run
- Acquire/partner/build relationship with strong intermediary distributor with local distributor and push our products to customers on trial basis, so they prefer our product

Thank you! That was good. We can Wrap up the interview here.

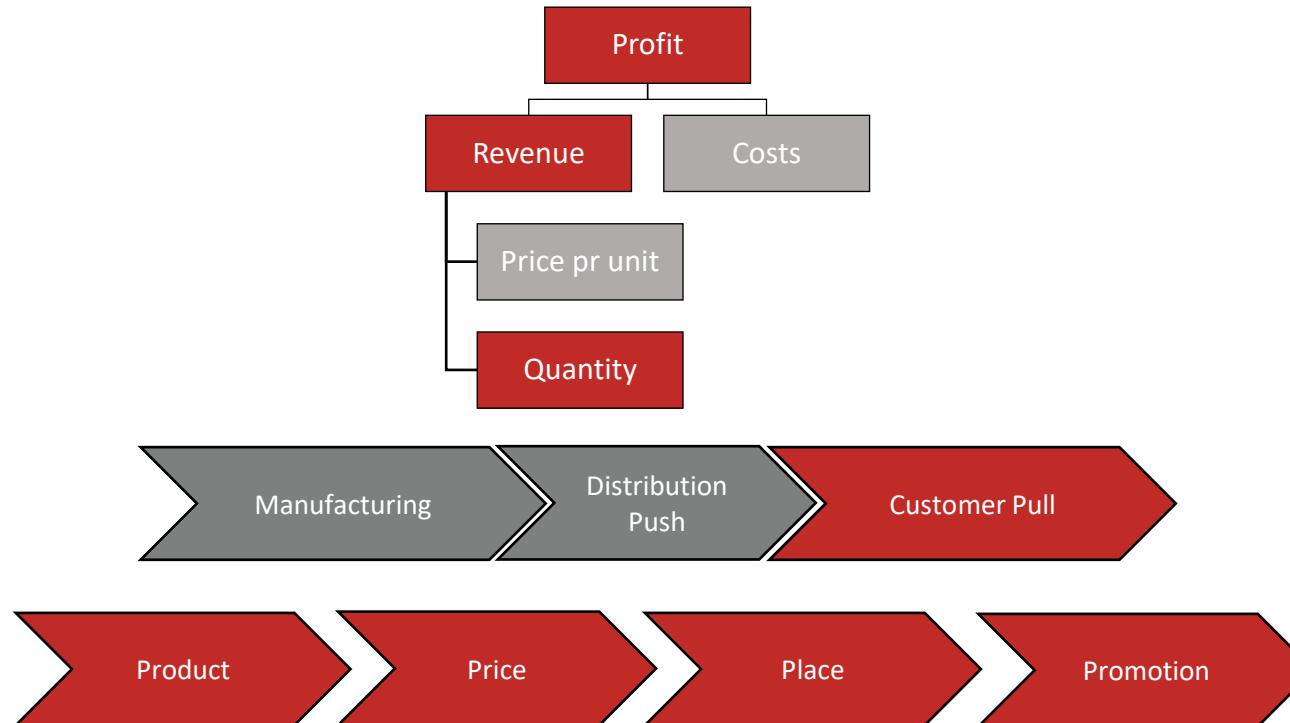
Case Statement

- Client is global tools manufacturer and has not been profitable since inception
- Identify the reason for not been profitable and suggest possible ways to improve it

Interviewee Notes

- Consider all possible scenarios
- There are three major players in the market and none of them is facing profitability issues
- Value chain analysis needed followed by 4P analysis approach

Structure/ Framework



Key Takeaways

- The candidate could have reached faster to the conclusion that the client did not have enough equity
- Since the client is has not been profitable since inception, we need to analyse whether the client should have entered the Indian market in the first place or would it have made sense to acquire existing players.



Case Statement: Your client is a footwear manufacturer, and it has always been the market leader in India. From the last one year the client is suddenly witnessing a significant decline in return on shareholder's equity and has slipped to number 2 in terms of market share. You have been hired to identify the reasons and recommend solution to the client.

Just to get a high-level sense of the business landscape, can I ask a few preliminary questions before we delve deeper into the problem.

Sure, please go ahead.

Could you please help me understand a.) what are the geographies that we operate in, b.) what are the type of footwear that we manufacture i.e., casual wear, business wear, party wear, c.) who are our primary customers, i.e., male/female, kids/adults etc. and d.) what is the competitive landscape?

Alright, that's quite comprehensive set of questions. So, the client has an even presence across the country, you can assume that the client manufactures all types of footwear for all types age groups, gender etc. And the competition is intense amongst top 5 footwear players while rest of the market is fragmented.

Trust, I have a fair understanding of the business operations. To dissect the problem statement, since there has been a sharp decline return of shareholder's equity and ROE is a function of profits and equity. Has the client seen a decline in returns or an increase in equity base or both.

The client has been witnessing sudden and significant decline in returns.

Since when has the client seeing decline in return ? And is it only specific to our client which has seen the decline or the other footwear manufacturers in the industry have also seen a decline?

The client has been seeing the decline in profits from the past one year. Other competitors has also seen a marginal decline, but our client has been significantly impacted due to which the other competitor has become the market leader pushing our client to number 2 in terms of market share.

Return is a function of revenue and cost. Either the revenues could be declining, or the cost could be going up or both relative to the competitor. Considering our client is losing market share, will it be fair to hypothesize that the revenues are declining first and then maybe later, we can have a look at the cost side of the client.

Yes, it seems like a fair assumption. Let's start with the revenues and then look at the costs.

The revenues can be further split into 3 V's i.e., volumes, value and variety. So, either the volumes might be going down, or the price or there could be a problem with the product mix. Do you want me to focus on any of these first.

That's a fair split of revenues. What can you think of product mix specific to this case.

Sir, as you mentioned earlier that we manufacture all types of products i.e., business, casual, partywear etc. and now been witnessing sudden decline in revenues from the past one year. One of the potential reasons relating to product mix could be change in customer preferences towards casual footwear over business wear especially during the covid times. As most of the working population has been working from home recently, and while working from home one would prefer casual wear like slippers, sliders etc. and thus lesser demand for business shoes and sandals.

Spot on. There has been sudden spike in the demand for casual wear. While the competitors have been readjusting their product portfolio to match the demand, our client have been missing out on that readjustment. But that is only 50% of the problem. Can we look at the other component of revenue which we mentioned earlier i.e., volumes.



Sure, the decline in volumes specific to the client can be either due to fall in demand or a supply side constraint i.e., either the client is not getting enough demand for its products, or the client is not able to match the demand with its supply.

It is primarily a supply side issue. How would you look at a supply constraint problem?

Considering there is a bottleneck in the supply side, I would like to lay down the value chain for a footwear manufacturer to assess if there is a problem in any of the individual components.

Okay, so how would the client's value chain look like ?

For a footwear manufacturer, the value chain would begin with sourcing of raw materials, in-bound logistics, manufacturing, packaging, warehousing, distribution, sales & after-sales support.

Alright, lets look at distribution.

So, the distribution channels for a footwear manufacturer could be either physical or online or an omni-channel distribution. Under physical it could be either through own stores, or a franchise or both. And under online it could either be directly through own website or through an online aggregator like amazon, flipkart etc. or both. I would like to understand which of these model does the client follows.

The client sells its products through its own physical stores.

And to benchmark it with the competitor's distribution channel, does the client also operates only through its own physical stores.

No, the competitors have been using an omni-channel distribution strategy.

Trust, I have narrowed down to where the problem is. Due to the pandemic restrictions, the customers were not be able to visit places physically and might have resorted to online shopping. Since the competitors had an omni-channel strategy, there were able to capitalize on the online demand, while our client couldn't re-adjust rapidly. This might also explain relative increase in costs, as the client own its physical store, there would have been fixed cost being incurred in the form of space, people and overhead costs relating to the stores irrespective of the quantum of revenues.

That's correct. Interesting that you could relate it with the cost aspect of the problem as well. What would be your recommendations for the client now? You need not summarize the case.

I would like to make the following recommendations to the client:

- Given the shift in the consumer preferences, the client should rebalance its product portfolio more frequently to match the demand i.e., more towards casual wear in the short term and use customer analytics to readjust in the long term.
- The client should adopt to an omni-channel strategy wherein the customer should have the flexibility to either buy the products online or offline or check online and buy offline or vice versa.
- The client should also look at the ways to control costs to increase the return on shareholder's equity via renegotiating leases for spaces, rostering sales staff to work, embracing technology to expand the geographical reach with relatively lesser costs etc.

Thank you so much for your time and insights. We can close the case now.



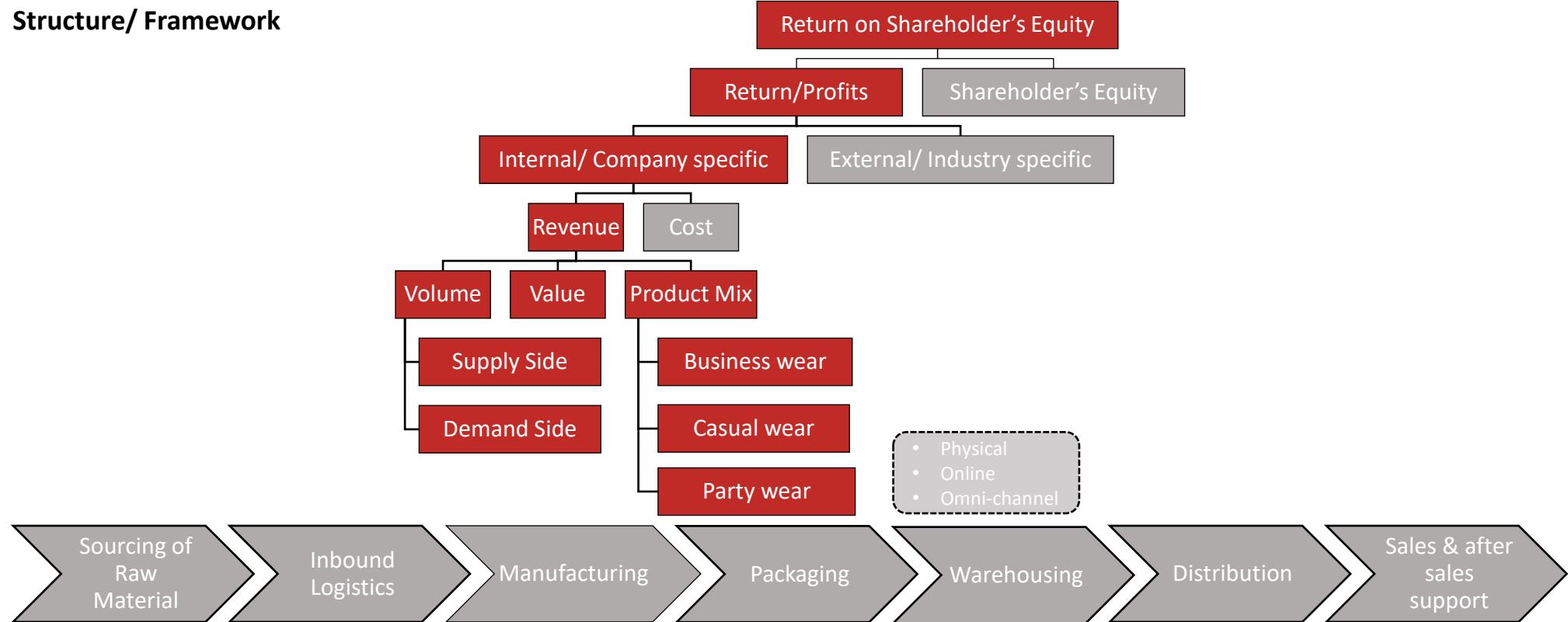
Case Statement

- Your client is one of the leading footwear manufacturer in India who caters to all type of footwear and customer segments in the country.
- The client is facing sudden decline in return on shareholder's equity from past one year and has recently slipped from market leader position to #2 in terms of market share.

Interviewee Notes

- Interviewer was assessing if the candidate could seamlessly break-down the typical profitability problem, even though the problem statement was disguised in the form of a technical metric like Return on shareholder's equity (ROE).
- Multiple issues in the problem relating to product-mix, distribution channels and related costs.
- Past one year was the pandemic year, quickly relating the business situation with real life context was the key.

Structure/ Framework



Key Takeaways

- Structuring and dissecting the problem into pieces was the key to identify multiple issues, following a MECE approach.
- Utilizing the business acumen and relating it to real world scenario to delve deeper into the problem is required in a case like this.
- In a case with multiple issues, its important to inter-connect the issue and keep thinking on the feet while analyzing as well as synthesizing the case.



There is this shop in a college. The shop has been in the college for many years. The shop's profit has reduced, and the owner is wondering why. Can you help him understand why?

Okay. So, before structuring the problem and analyzing the case, I have a couple of questions. Shall I ask you?

Sure, go ahead.

So, what does this shop sell?

It is a basic stationery shop with Xerox as well.

Since when did they start facing these reduced profits?

You could say couple of months back

Is this the only stationery shop present?

Yes,, there is only one stationery shop present, and it has been around for long.

Have the revenues dropped recently?

No, the sales have been good. In fact, they have increased.

So, it is safe to assume, it is a cost related issue?

Please go ahead

There are multiple costs associated with the shop. I would like to bucket them to Stationery related and Xerox related and apart from that Rent and Labor costs

Valid, so elaborate further.

In the stationery, have our costs of purchasing increased in the last two months?

No, they have been pretty much the same

So, I can assume, our ties with our supplier is also good.

Yes

So, with respect to inventory cost, is that higher? Is the shop storing more than required or higher than the turnover?

Not really, everything has been more or less the same

I will move on the cost for Xerox related activities. Has the shop added more machines?

No they have been working with 2 machines for a long time

Are the machines facing frequent break-downs?

No.

Have the costs of A4 paper increased?

No, that has been the same as well

Have the rents for the shop increased?

In a way yes, the shop was present in the campus for very long time, and no one really questioned the legality. Recently the administration changed, and they imposed a rent on the shop which was not present earlier

That explains the sudden increase in costs. How much was the increase?

Around INR 30,000/- month and the owner of the shop is worried as he cannot afford 30,000 every month. He is protesting with the administration and requesting them to consider not charging them. What would you do as the administration?

There are three aspects to this problem a) Softer aspects b) Financial aspects c) Legal aspects With respect to the softer aspects, it may be difficult to be harsh to a shop owner who has been in the campus for a long time. Financially I am assuming, even if the college is in some financial trouble; the money from this rent would be minuscule. And finally, legally, they may face issues when new shops come and set up their stores without permission. Then it may become difficult to place rents differentially

Fair point. We can close the case now. Thanks.

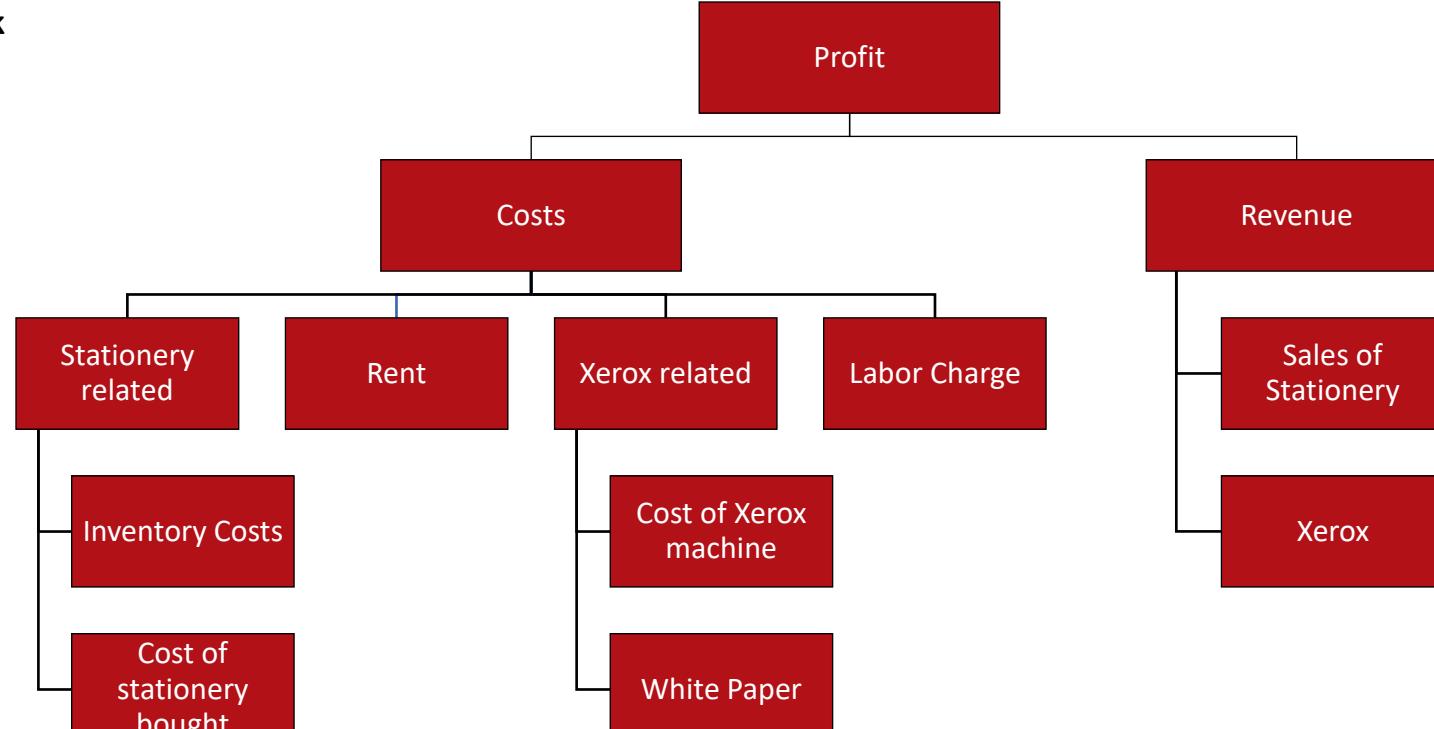
Case Statement

- Decline in profitability of stationery shop
- Analyze reasons for decline and provide recommendations to improve profits

Interviewee Notes

- Profit can be broken down into revenue and costs
- Costs can be broken down into stationery, rent, xerox and labor charge related costs
- Stationery related can be broken down into inventory and cost of stationery

Structure/ Framework



Key Takeaways

- Costs can be broken down into multiple buckets
- Softer, financial and legal aspects can be looked at for a solution



Your client is a pan India FMCG Company which sells anti-mosquito products. They want to increase their revenues. Please advice.

Thank you for the case. Before I proceed with the analysis, I had a few preliminary questions. Can I go ahead and ask them?

Sure, go ahead.

Does the client have a target in mind?

Yes, they wish to achieve double digit CAGR in the next 3 years.

Alright, got it. Next, could you explain the products that the client deals in currently and whether they want to increase their revenue in any specific product or all 3 of them?

Good question. So, there are 3 kinds of products – liquid vapour, coil and spray. Coil is the biggest, followed by liquid vapour and lastly spray. Liquid vapour would be their main focus.

Ok. Do we know what has been the past trend in revenue growth and that of competitors?

Yes, the client had less than 5% growth in the last couple years whereas the category grew by 7-8% .

I think I have enough information to proceed with the case. Since we know the product category, revenue is a function of volume and unit price. Do we know which of these factors the client is flexible to change to achieve its target?

The price range is 54-72 Rs. per pack. Since the market is competitive, the client wishes to keep the price range fixed.

Okay, so we need to focus on volume growth. Is there a supply side constraint on volume or demand in terms of volume is low?

Demand of the product in terms of volume is low.

Okay. Now I would like to explore the customer journey here. Need, awareness, affordability, availability and customer experience. Do you know which segment to focus on or should I explore each one?

Please go through all of these one by one.

Sure. Starting with need, since the product is meant for getting rid of mosquitos, there are 3 factors I can think of which are the reasons behind demand of liquid vapour not picking up – improvement in hygiene conditions (better living conditions leading to lesser mosquitos), availability of substitutes, changes in customer preferences.

You are right. Liquid vapour is comparatively a newer product. It has replaced incense sticks. However, these were causing other health hazards due to the smell. The customers are taking time to switch to the newer product. We can proceed to the next factor.

Moving ahead, since it is a well-known FMCG having a pan India presence, I believe awareness would not be an issue. Is that a fair assumption?

Yes, you may proceed with this assumption. People are aware of the company and its range of products. No issues there.

Okay. Next comes affordability. Since we covered it in the need aspect, the Chinese substitutes are available at cheaper rates. The price range from 54-72 could be explored especially considering the rural target audience. The prices of erstwhile used incense sticks vs liquid vapour can be compared.

Great.

Next moving onto the availability, how strong is the sales & distribution network of our client especially the rural distribution network since I assume that anti-mosquito products should be having major demand in rural India.

That's a great point. Our client has decent distribution in urban areas of the country for this product category but there is a narrow distribution in rural parts of the country.

Okay. So, I recommend to increase the distribution of the product in rural areas through village entrepreneur model by involving local villagers for branding & distribution of the product.

Good recommendation. We can end the case here. Thank you for your time!

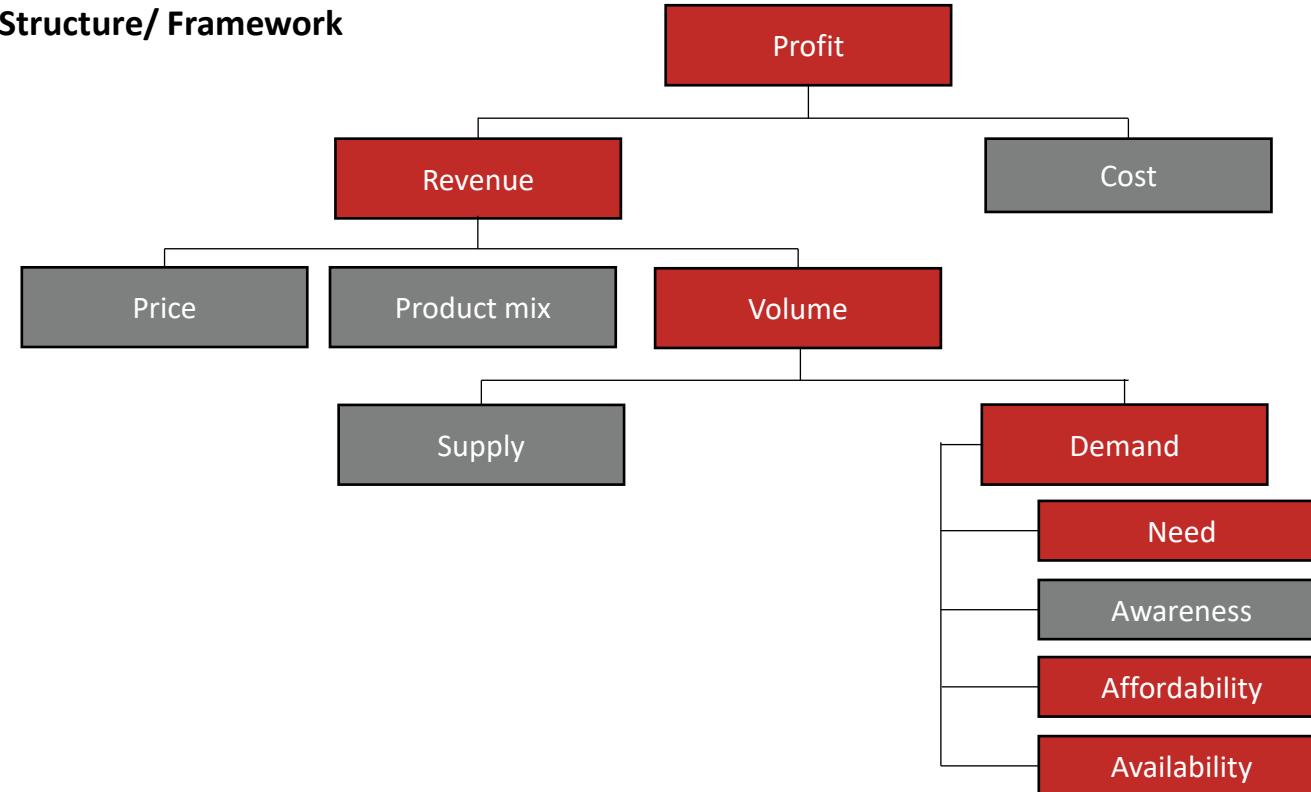
Case Statement

- Client is a pan India FMCG Company which sells anti-mosquito products.
- They want to increase their revenues. Advice on the same.

Interviewee Notes

- Client wish to achieve double digit CAGR in the next 3 years.
- 3 kinds of products – liquid vapour, coil and spray. Liquid vapour would be their primary focus
- The client had less than 5% growth whereas the category grew by 7-8% for the liquid vapour product
- The price range of the product is 54-72 Rs per pack

Structure/ Framework



Key Takeaways

- Used the profitability framework – demand side issue
- Asking the primary focus product question was essential. Whether there was a supply side issue or a demand side issue for driving the volumes was a critical information to consider.
- Using the need, awareness, affordability, availability & customer experience framework, identifying potential issues under each head and giving recommendations for the issues gave the structure to the case.



Your client is a leading port operator, who has not been meeting expected profits. Help figure out why and suggest recommendation.

Thank you for the problem statement. I would like to start by asking a few clarifying questions to get a better idea about the client as well as the context of the problem. Is that fine?

Yes, please go ahead

Firstly, I would like to know the geography the client operates in and also if the problem is specific to any geography as well as timeline since when this is occurring? Could you also let me know the financial stability of the client.

The client operates major ports in India on both west and east coasts. There is only one port on the east coast facing the problem. The problem at hand exists since the beginning of port operations. The client has deep pockets

The profits are a function of revenue and costs. Could you tell me if either have changed.

The profits have not been as expected since the operations began. You could go ahead with the revenue lever for now.

Thank you, now to analyze the revenue, I am not very sure of how a port operator functions. But I could say there could be two broad headers for revenue – Core and Non Core. Core revenue is from docking charges, loading and unloading freight charges while non core revenue would consist of other transportation charges, leasing land etc.

True, However the overall expected revenue is lower due to transportation revenue being lower. Could you explore that further.

Ok. I could take revenue as a function in general of transportation is a product of no. of ships and the revenue per ship per time period. Could you tell me which of the following has not been meeting expectation?

The number of ships has not been as expected.

Alright, now we can look at internal and external factors. The internal factors would be related to company service fee, quality of service, range of service offered whereas the external factors could be legislative reasons, economic activity around the port, reviews or news about port in the public domain, type of technology employed in shipping, any sustainability issues, political issues around the region or competition from nearby port.

The internal factors are alright. The problem lies with the economic activity in the nearby region. The expected level of economic activity is not as expected.

Ok, was the port constructed in expectation of any expectation of the economic activity in the region?

Yes, the port was set up in expectation of an upcoming SEZ in the future. However it has been delayed due to some political reasons. Now that you have reached the crux of the problem what would your recommendation be?

I would like to split the recommendation with regard to short term and long term. In the short term the company could look at lobbying, and also increase the catchment area for port by providing additional services where we could look at employing road transport services for far away places by own or venturing with other logistic partners. In the long term as the client has deep pockets, it could look at developing the SEZ.

Ok. That was a good analysis and the recommendation were in alignment with what the port actually did. Good work !

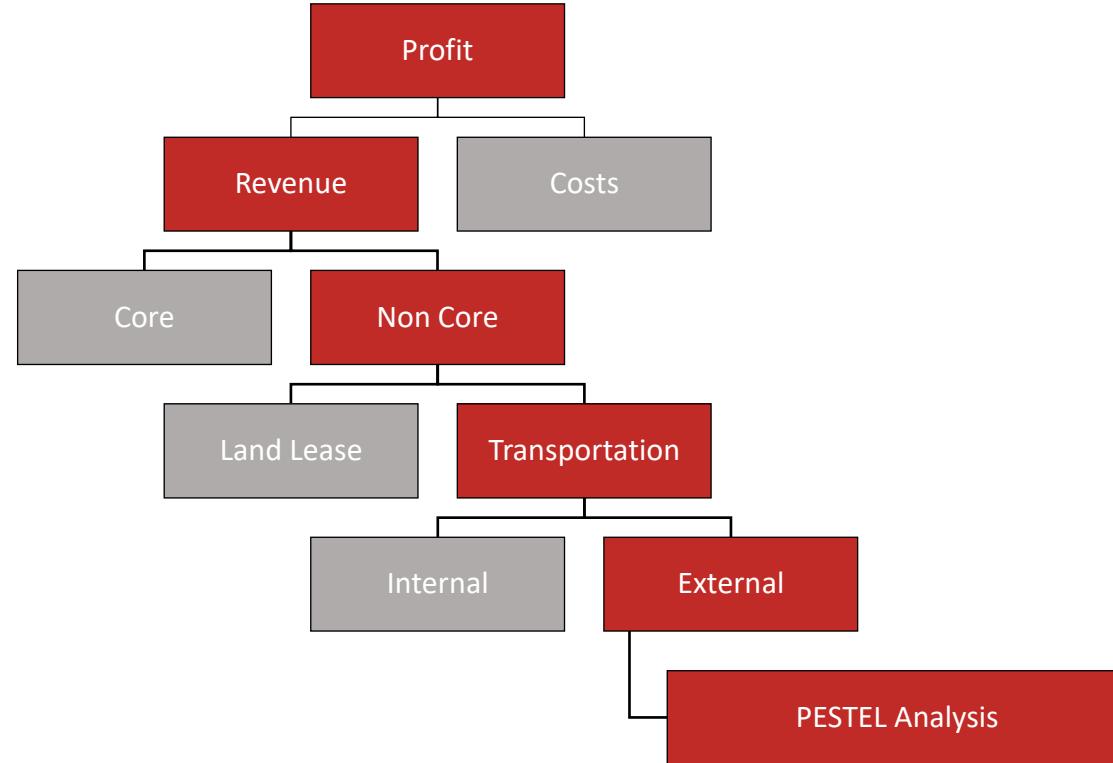
Case Statement

- Declining profits for a port operator
- Identify reasons and give recommendations

Interviewee Notes

- Profits have not decreased, but it is not up-to expectation
- Only one port problem, not industry wide problem
- Split of core and non core revenue of port is a brownie point
- Structuring of recommendation is important

Structure/ Framework



Key Takeaways

- Understanding not always the profits are declining but not expected is important. Splitting the revenue into core and non core is a good way to MECE.
- Using short term long term or easily feasible and difficult to implement classification for recommendation help to establish a better structuring.



Your client is a zoo in Chennai and has seen declining profits in the last 6 months. The zoo authorities need your help in understanding the issue and resolving the same.

Thank you for the problem statement. So, as I understand, the core issue is of profitability. Before I move on, can you tell me a little more about the zoo in terms of the offerings and pricing?

It is a typical zoo with herbivores, carnivores, and marine life. The pricing is a flat one with entry tickets for adults and children.

Okay. Are there any zoos nearby? And if yes, have they been facing the same problem as well?

No, you can assume that our client is the only zoo in Chennai

Got it. I'd now like to analyze this situation. The profitability issue can be from the revenue side or cost side, or both. Do we have any understanding of the same?

The cost has stayed constant since a few years. I'd like you to explore the revenue side.

Sure. The revenue as I understand would comprise of the core ticketing revenue, and added avenues like parking, gift shops, eateries, advertising would add to it.

That's comprehensive. As it turns out, our core revenues have stayed the same, and the issue we're facing is in the advertising income.

Okay. Can you tell me how does the zoo charge clients for advertising, and what all modes of advertising are there in the zoo?

The zoo charges a fixed annual pre-negotiated fee to the clients, and the sole mode of advertisement is through posters around the zoo.

Alright. Since the advertising revenue is decreasing, either the number of advertisers may have reduced, or the annual fee. Is it any of these?

Yes, although the number of advertisers is the same for a couple of years, the price they're willing to pay has decreased.

Okay. The decrease in the willingness to pay may be due to some internal issue from the zoo's side or some external issue related to the advertisers. Do we have any understanding of the same?

It is an internal issue; all external context has stayed the same.

Okay. So, as I understand, the advertisers feel that their posters have a lesser impact in terms of impressions now, and hence are unwilling to pay. Is that correct?

Yes, precisely

The factors that may affect the impressions is the exposure in terms of the number of viewers, or the quality of the advertisement. So has there been any change in the posters, or the number of visitors to the zoo?

No, the footfall is the same. Also, the posters are the same as before. I'd want you to think of the quality aspect a little more and relate it to the kind of customer base you expect a zoo will have.

Alright. So, the prime customer base I feel would be children between the age 6-15, accompanied by their parents. Also, some animal enthusiasts and photographers would form a niche base.

Correct. And what do you think is the most important element in an advertisement for it to appeal to the children?

I believe it would be the colourful and attractive use of visual elements.

Perfect. Now can you relate this with the context and try diagnosing the issue?

Right. So, the advertisements may not have the same visual appeal now, leading to lesser impressions. And since this is an internal issue, there may be some issue with the placement of those advertisements or the fact that they may have been damaged or covered by dirt.



Perfect. So, as it turns out, the posters are covered by dirt and the ones near the carnivore area, which attracts the most crowd, are covered by overgrown trees. Can you try and understand why?

This seems to be a maintenance issue. The zoo staff has been unable to maintain the posters, leading to the decline in their impression.

That's correct. So, the zoo changed its cleaning and maintenance staff 6 months ago, and this has led to the drop in maintenance standards. Can you recommend some solutions?

Sure. In the short term, the zoo needs to initiate a prioritized damage control to restore all posters to their original shape, and make sure they're visible to the crowd. They need to re-establish trust and relationship with the advertisers and train the zoo staff to routinely maintain the posters as well. In the long term, the HR policies of the zoo need to be solidified to make sure the staff training program incorporates all such detailed aspects of maintenance. Further, the zoo can initiate other modes of advertising via digital and visual means, to further increase exposure for the advertisers.

Thank you, we can close the case here.

Case Statement

- Your client is a zoo in Chennai and has seen declining profits in the last 6 months.
- Analyze reasons for decline and provide recommendations to improve profits

Interviewee Notes	Structure/ Framework
<ul style="list-style-type: none"> • The client is the only zoo in Chennai, and with flat pricing for kids and adults • Client specific problem of reducing revenues; costs have remained constant • Advertisement revenues have gone down considerably driven by a reduced willingness to pay 	<pre> graph TD Profit[Profit] --> Costs[Costs] Profit --> Revenue[Revenue] Costs --> TicketRevenues[Ticket Revenues] Costs --> Advertisements[Advertisements] Costs --> PMF[B] Revenue --> PMF TicketRevenues --> NA[# of advertisers] TicketRevenues --> AFW[Annual fee (WTP)] Advertisements --> Impact[Impact or Impressions] PMF --> Impact Impact --> NV[# of viewers] Impact --> QA[Quality of advertisement] NA --> Impact AFW --> Impact NV --> Content[Content] NV --> VA[Visual Appeal] QA --> VA VA --> MA[Maintenance] </pre> <p>The diagram illustrates the structure of profit for the Chennai Zoo. Profit is divided into Costs and Revenue. Costs include Ticket Revenues, Advertisements, and other sources like Parking + Merchandise + F&B. Revenue includes Ticket Revenues and Advertisements. Advertisements further branches into the number of advertisers and the annual fee (WTP). These lead to Impact or Impressions, which is influenced by the number of viewers and the quality of the advertisement. The quality of the advertisement is influenced by Content and Visual Appeal, which in turn is influenced by Maintenance.</p>

Key Takeaways

- The interviewer wanted the candidate to emphasize on the qualitative aspects of why the impact of advertising could have gone down
- Looking at the target audience to reach the solution was well appreciated by the interviewer.



A telecom tower company based out of India is our client. We have scanned through their P&L statement for the year and noticed an EBITDA margin of 50% but they have still come to us complaining of profitability issues. Are we doing something wrong here? I would like you to think from an accounting perspective.

Interesting. If I understand correctly, EBITDA margin is the ratio of a company's operating profit to its revenue. Operating profit includes interest, tax, depreciation and amortisation charges. We can use it to compare the relative profitability of 2 or more companies of different sizes in the same industry.

Right. Do you think 50% is a good number

It would depend on what the norm is for the tower industry. A good EBITDA margin is a higher number in comparison to peers in the same industry. As a rule of thumb, a margin over 10% can be considered good though.

Fair enough. Then why do you think they have a profitability problem?

We need to look at the other components as well. EBITDA can often draw attention away from factors like high debt. May I know what the PBT or PAT of the company is like?

Sure. The profit after tax for the firm is -10%.

Clearly the firm is making losses if we look at the PAT figure. This means that one or more of these 3 components is to be blamed – interest because of high debt, high depreciation/amortization or higher taxes. Okay, before I proceed, I would like to know a bit more about our client. What's their business model like and how long have they been facing this profitability issue? Also, is our objective here to make PAT zero or positive?

Our client sources the tower, basic electronic components etc. from its suppliers, acquires land from residential and commercial property owners, places a passive infrastructure with base transceiver, antenna, tower structure etc. on that property and finally rents out the tower space to telecom operators like Airtel and Jio. Telcos are responsible for placing the active electronic components on the tower to make it operational finally. Also, our client is facing this issue for some years now. And you are right about the objective.

Thanks for the input. Can I take a minute to process all that we have discussed so far?

Go ahead. Take your time.

Here's my hypothesis. I can clearly see that the client's business is asset heavy. We are sourcing towers and expensive electronic gear. All this will burn through a lot of cash and so the company would have to take on a lot of debt. This in turn implies a high interest payout and a lower PBT and PAT. Am I correct in my assessment?

That's correct. Can we do something about this?

Sure. Our ultimate objective is to make the PAT zero or positive. We are seeing a 60% expense in the form of interest, tax, and depreciation/amortization charges. There are 2 ways to go about this – (1) increase the 50% EBITDA margin to 60% and above. Then even keeping ITDA expense constant, we can get to a PAT of zero and above. (2) Figure out ways to reduce debt going forward to lower the interest component of ITDA expense.

Tell me more about the first approach.

The EBITDA margin is simply a measure of how much lower the operating expenses for a company are compared to its revenue. The lower the expenses, the higher the ratio, i.e., a large fraction of the revenue can become a part of profits due to lower costs. So here, I would like to deep dive into the costs side of the company and look for cost-cutting measures.

Please proceed

Costs can be divided into fixed and variable. Fixed costs would include one-time cost of tower space, rent payout to the landlord, salaries/wages to security personnel and labor, infrastructure cost etc. Variable costs would mainly include utility expenses like water and electricity.

Should we be even considering one-time costs? And do you really think water is going to be a significant expense at a telecom tower site?



Not really. I want to correct myself. Costs to be subtracted while calculating EBITDA are operating costs. So, the one-time sunk costs need not be considered here. Also, We are mainly going to incur electricity cost to drive the heavy electronic equipment atop the tower. This will be paid to the DISCOMs who will be supplying power from the grid to us. Water usage is going to be insignificant

Aren't you missing out on something with regards to electricity expense? Let me give you a hint: your phone catches signal 24*7

Oh right. There is load shedding and grid power is not available all the time. So, we do have a diesel run generator at a tower site to power the electronics in emergency. Diesel cost would be one variable cost to be considered then. Additionally, many sites also have solar panels for backup power.

That's correct. So, what are your recommendations then?

I would divide my recommendations into short-term and long-term. In the short term we should try to cut down our operational costs.

- Use more solar power in place of diesel generators for backup power. Sending reverse power to the grids can also give us credits which can further lower the costs
- Negotiating rent payout contracts with the landlords
- Use CCTVs for monitoring in place of a dedicated security personnel

In the long run, we can do the following:

- Experiment with newer tower types and materials which are more cost-effective
- Get into agreements with telcos to share a part of the costs
- Negotiate loan agreements with banks to secure one with the lowest interest rate
- Switch to battery-bank-based solution instead of using DG sets
- ACs consume the maximum power at a tower site. Maybe experiment with something like a natural cooling unit instead

That's a good set of recommendations. Let's wrap up the case here.



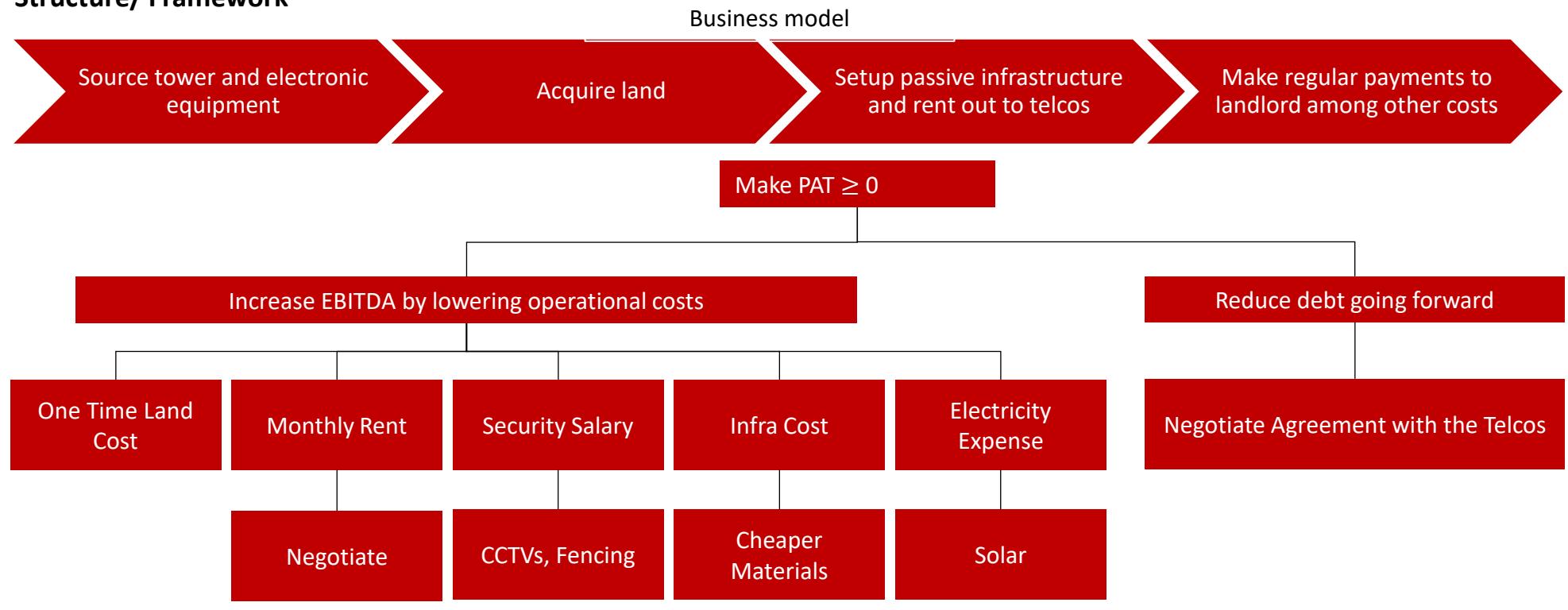
Case Statement

- Indian telecom tower company has decent EBITDA (50%) but still complain of profitability issues
- Approach problem from an accounting perspective

Interviewee Notes

- Firm has decent EBITDA but negative PAT (-10%)
- EBITDA = Revenue – Operating Expenses
- EBITDA Margin = EBITDA / Revenue
- Asset heavy model implies large debt and bigger interest payment
- EBITDA is a measure of how much lower the operating expenses for a company are compared to its revenue
- Objective: Make PAT zero or positive

Structure/ Framework



Key Takeaways

- Sound knowledge of financial accounting concepts was needed to solve this case. A good understanding of the basics of finance, operations and marketing tend to be very useful in a case interview.
- No standard structure can be used, and the interview was more conversational. Still, try to structure as much as possible.
- It's important to take buy-in from the interviewer and be wary of the hints dropped by them. The 24*7 signal and diesel generator hint was one such example.



Your client is a consumer goods manufacturing company, and it has been facing declining profitability. Diagnose the problem and suggest possible solutions.

Thank you for the problem statement. I would start by asking a few questions. What is the geography in which the client operates? What are the client's products? Who are the target consumers of the client? Who are the major competitors of the client?

The client's manufacturing plant is in Bangalore, but the client sells its products pan India. You can assume the client has only one product which is Mint Candy. The client has no major competitor. You tell me who could be the client's possible target customers?

The client's possible target customers could be kids who buy candy for taste, people who smoke or consume alcohol and wants to get rid of the smell of the cigarette/alcohol and people who would want to have a refreshment mint candy after meals.

Great. You have rightly pointed out all our target customer segments. The large part of our revenue comes from smokers who use our candy to get rid of the smell of the cigarette they consume.

As I understand that we are facing declining profitability. I wanted to understand if the problem is specific to our client or whether it is an industry-wide problem. Also, for how long have we been facing this problem?

The problem is specific to our client. The issue has been around for 2 months.

I think I have enough information to start the case. So, profit can be broken down into revenue and cost. I would like to understand if the declining profits is due to declining revenues or increasing costs or both?

Revenues have declined and costs have also gone up. Let's focus on revenues for now.

So, revenue from the product can be thought of as No. of units sold * Price per unit. I will look at each of these components individually to understand the problem area. Has there been a decline in the volume of our product sold or have there been some pricing changes?

There has been a fall in volumes.

Okay, so if there has been a fall in volumes it is important to understand if it is due to the falling demand or there are supply related constraints.

The supply is doing okay, but there has been a decline in demand which is leading to a fall in volumes sold.

Okay, so I think the decrease in demand could be because of internal factors like quality of product and customer service or external factors like accessibility to the shop, etc. Do we have any data to know if the decline is due to internal or external reasons?

Can you give me more external factors ?

Yes, the external factors could be change in customer preference, change in substitutes, complements or competition.

Great. The problem is with the complements.

Is it safe to assume that the complement for our product is cigarette since our major customers are smokers who use our product after having cigarettes?

Yes, you are correct in assuming that.

Okay, so I would like to look at the customer journey for smokers (since they form major part of your customers) to find out where does the problem lie. Does this seem a fair approach?

Sure. Go ahead.

A customer reaches a local shop where he buys cigarette and then he probably smokes the cigarette there and buys a mint candy. He eats the candy and makes the payment and leaves the shop. Do the problem lie in any of the part of the stated customer journey or you want me to delve deeper into the customer journey?

The problem lies in the payment.



Okay. Is it safe to assume that the mode of payment would be cash since the cost of cigarette and mint would be just few rupees?

Yes, you can assume that.

In that case, the problem could be of the change that customer might not have to pay for the candy, or the shopkeeper might not have the change to give it back to the customer.

Yes, you have rightly pointed out the problem. Government has imposed a new tax which has led to the increase in price of cigarettes from Rs. 18 to Rs. 20. Earlier the shopkeeper used to push two candies worth Rs. 1 each to the customer but now he is unable to. Could you quickly come up with some recommendations?

Sure. The client can bundle the product and make it a pack of 5 or 10 to avoid the problems of change, the client can also tie up with cigarette companies to bundle the candy with cigarettes, the client can also do extensive marketing to create a pull for the candy from the customers instead of retailers pushing it.

Thank you, it was nice interacting with you, All the best!

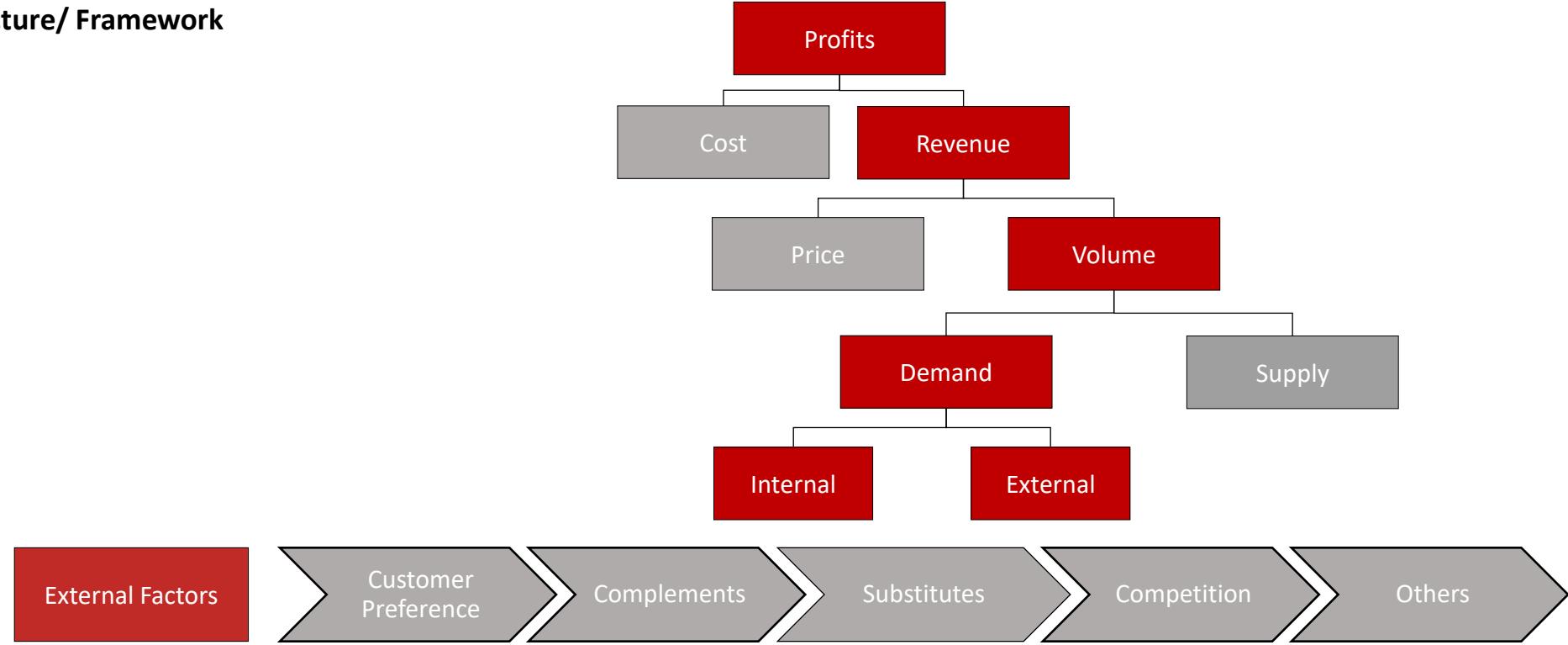
Case Statement

- Client is facing declining profits.
- Analyze the problem and recommend solutions.

Interviewee Notes

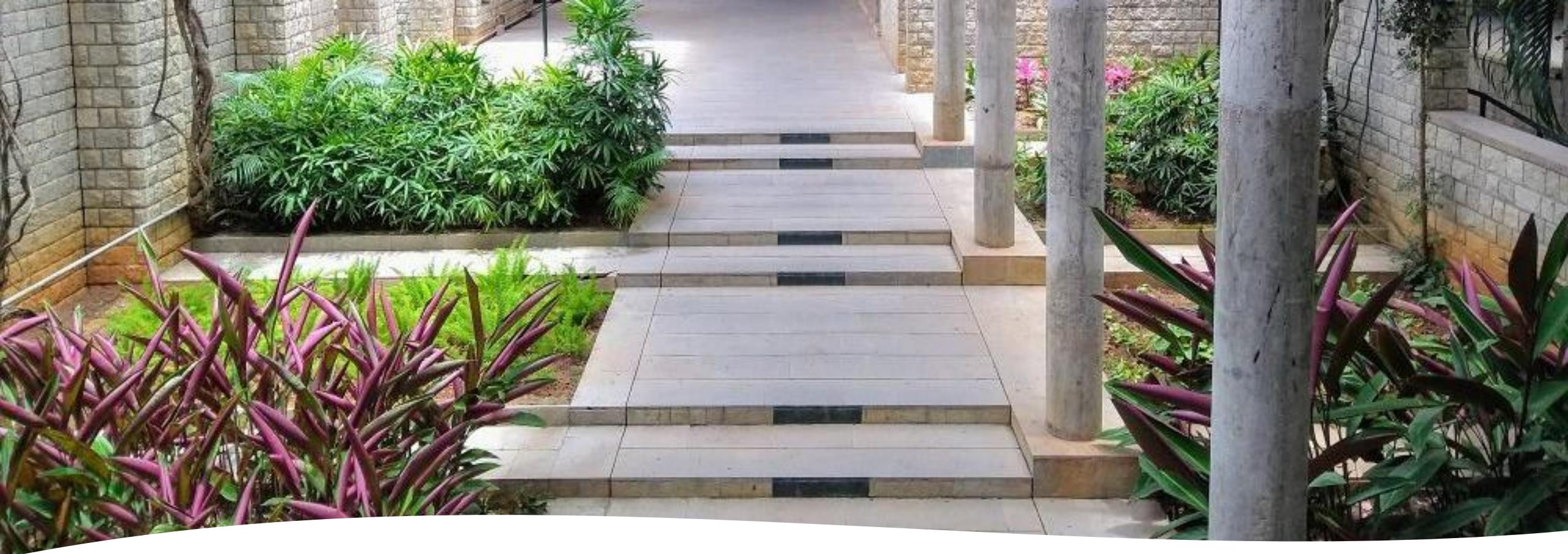
- Ask clarification questions to know about the company, product, customer and competition.
- Start with Profitability framework.
- List down various internal and external factors after drilling down into the framework.
- Use value chain to see how each external factors affect the customer purchase.
- Recommend with a graph such as cost vs impact or time taken to implement the solution vs impact.

Structure/ Framework



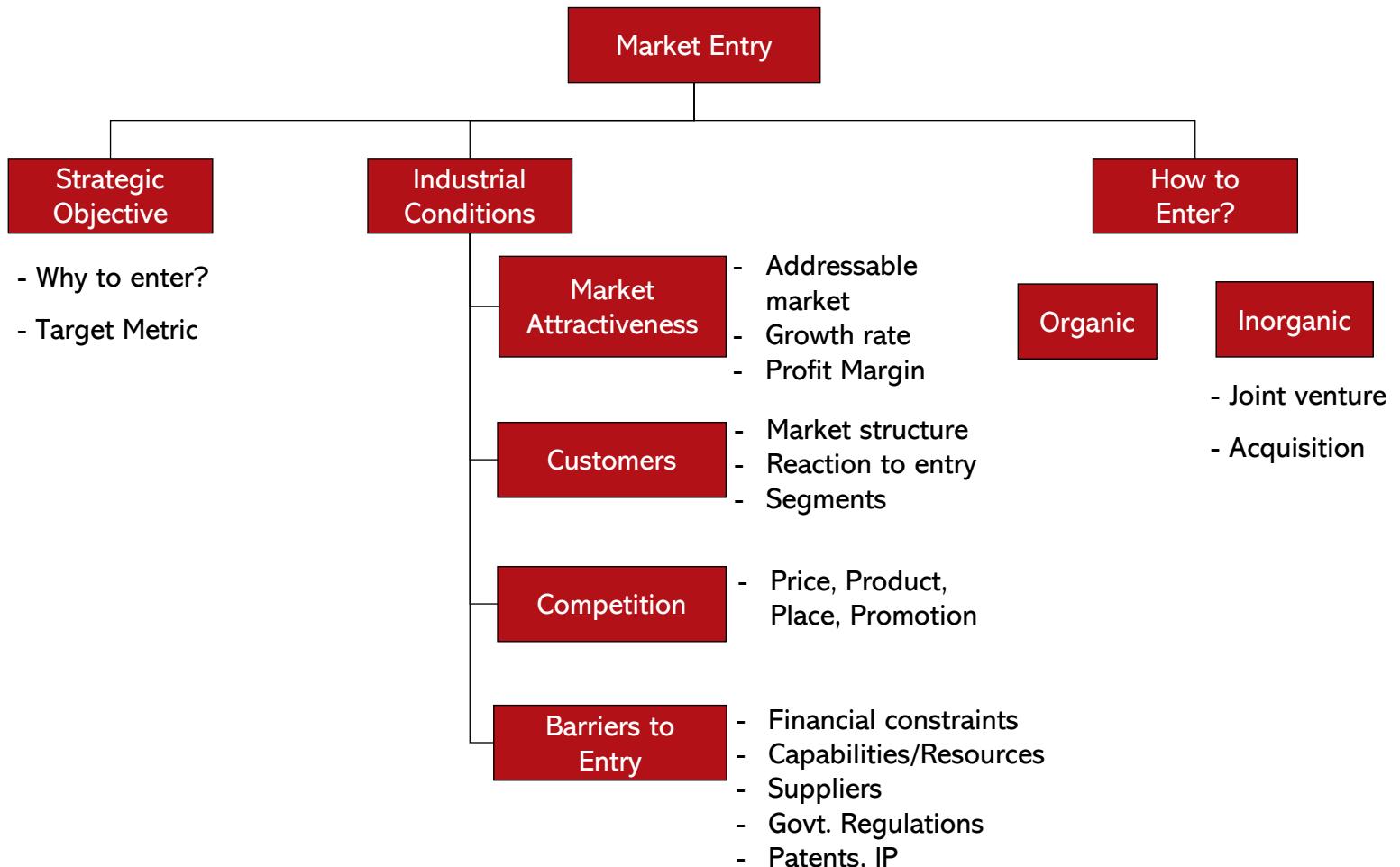
Key Takeaways

- Used the profitability framework – Demand side issue
- Efficient understanding of value chain and various internal and external factors is critical in analysing such problems
- Think of recommendations to bundle the product in such type of cases



IIMB Market Entry Cases 2022-23

Basic structure



Good to know frameworks

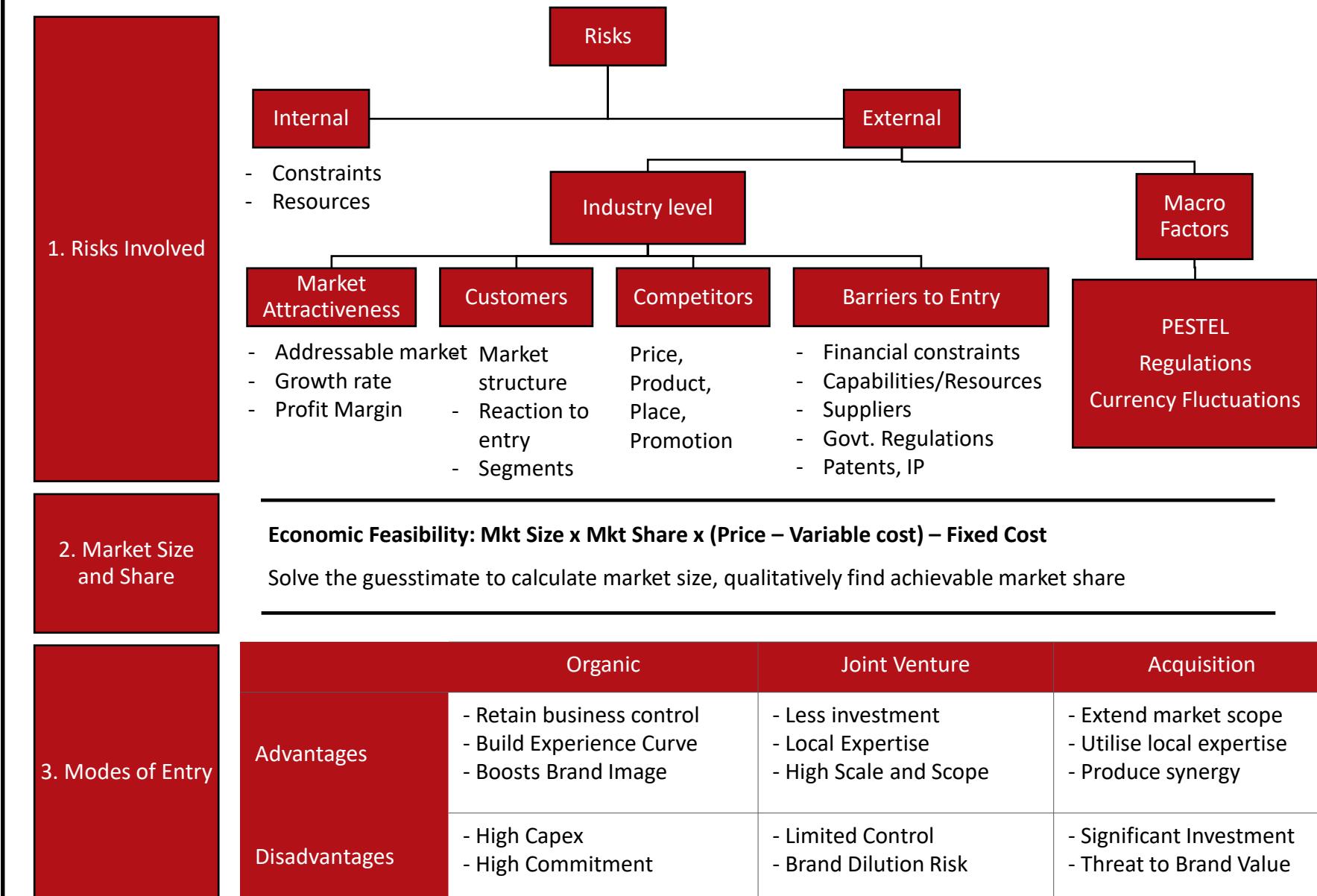
- 1 Using **2 by 2s** for final decision like degree of control vs investments; competition vs own capabilities or your own set of parameters
- 2 **Porter's 5 forces**: Good to get the context of industry as a whole
- 3 **5Cs**: Company, Competitors, Customers, Context, Collaborators → very useful in scoping
- 4 **Value Chains** for various industries to understand nuances of market entry and objective metrics

Market Entry Framework (contd.)



Preliminary Questions

- Clarify objective, growth quantum and targeted timeline
- Geography – Why are we looking into this geography? Have they launched this product in another market?
- Business Model – Where does the firm lie in the value chain?
- What are the existing products/ services, capabilities and expertise of the firm?
- Who are the target customers? Market size and price sensitivity
- Any side-effects of product?
- Pricing – given or required, ask for targeted margin





Your client is an automobile manufacturer and wants to enter the EV industry. You have a meeting with the CEO of the firm. How would you advise them?

Before delving into the case, I would like to ask a few questions to understand the problem better. First of all, what exactly is the client's target? Do they want to focus on capturing a certain market share, or profitability, or something else.

At first, the client is interested to know if it is an attractive market and I'd like you to focus on your overall approach.

Ok, and I'd like to know the company better to go about this analysis. Where is our client located and where does it sell? What kind of automobiles does it manufacture?

How does it compare to its competitors?

It is an Indian company with several manufacturing plants in India. The client manufactures two wheelers only and is one of the top players in the country.

Ok thanks. Can I assume that the client is targeting the 2-wheeler EV segment and not the 4-wheeler? Also, is it targeting only the Indian market or has global plans as well?

The client is currently looking for recommendations for 2-wheeler EV market in India.

Okay. I would analyze this problem in two aspects. First, I'd analyze the attractiveness of the two-wheeler EV industry in India based on potential market size we can capture and compare it with our current business size. I'd also look at the industry scenario currently and in the future in terms of competitors, suppliers and outside forces, followed by any market risks, and then, I would analyze the firm's resources and capabilities to enter the industry. Is this ok?

Yes, that is fine. Please start with the major factors you would look at in the industry.

I would look at the current scenario of the EV two-wheeler market in India. I would look at the market penetration of two-wheeler EVs, existing players in the industry, the infrastructure situation including charging stations, the expected CAGR of the next 5 years, also accounting for government support to EVs and increasing environmental awareness boosting EV adoption for estimating total addressable market that we could capture. For EVs, Li-ion batteries are a major source of costs, so if we don't intend to

manufacture them in-house, I would also look into its suppliers.

Good. Let us look at batteries and charging stations. Do you know their current scenario in India?

Yes. The charging infrastructure is almost non-existent in India. We are nowhere close as compared to European countries, China and the US. Government has been pushing for the development of charging infrastructure, and there are some private players as well. India does not manufacture Li-ion batteries for EV and all of them are imported. This adds to the already high costs of EV batteries.

Great. Now let's look into the firm. What all factors would you consider?

I would compare the opportunity from the market sizing with the firm's current financial strength to decide the attractiveness and also ratify source of funds for the new venture. I would also look at the capabilities the firm has in terms of R&D and manufacturing capabilities for an EV. It would also need to analyze the supplier network for new components required for EV. The distribution network and sales & marketing of the current 2-wheeler can be leveraged.

Great. What else would you look into at the firm level?

The organizational structure. For launching a new product, departments like R&D, manufacturing and marketing would have to work in tandem leading to a potential change if the firm is currently in a functional set-up.

Ok. So let us into the firm's resources in detail and analyze them for me from an EV compatibility perspective.

The firm's resources would be its R&D, relationship with suppliers, manufacturing capabilities, and its brand. R&D and manufacturing capabilities would need to be analyzed – should it proceed via acquisition or in-house capability development or a JV, if new plants need to be setup or the existing ones need to be updated for EV, if new equipment need to be purchased. A good relationship with suppliers would help the firm in procuring EV components at a competitive price. A good brand name would help the firm in launching a new EV vehicle and capturing market share.

Good. Thank you very much for your time.

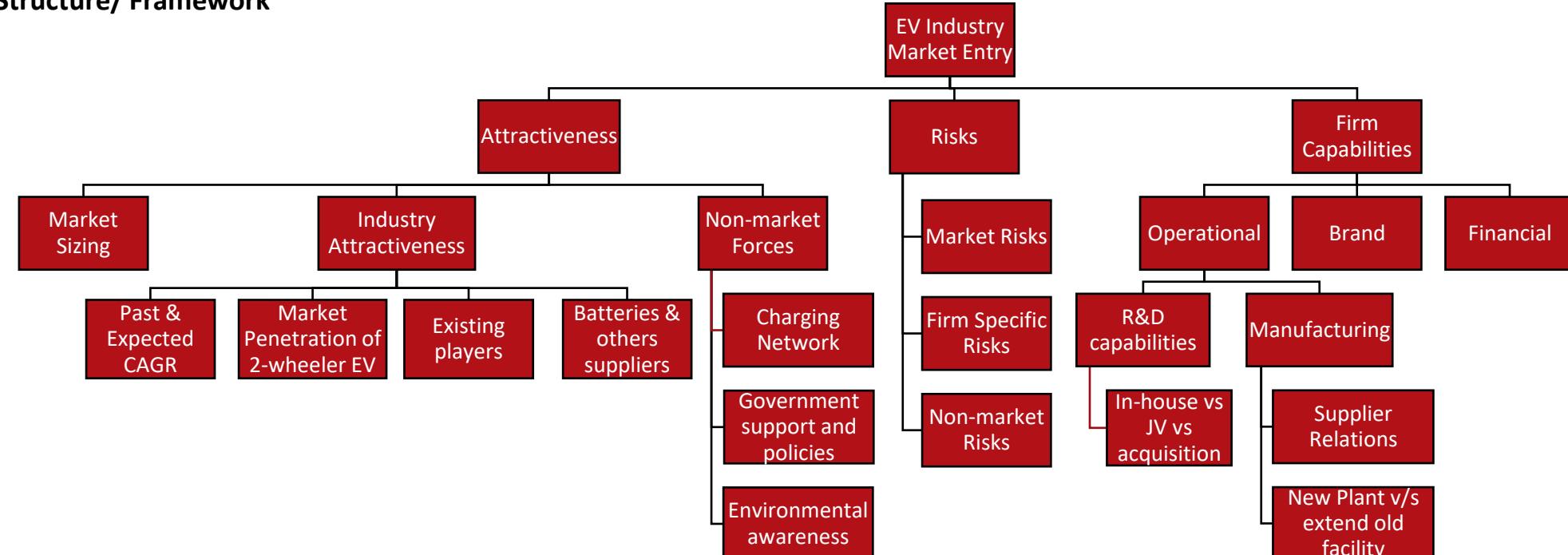
Case Statement

Your client is an automobile manufacturer and wants to enter the EV industry. You have a meeting with the CEO of the firm. How would you advise them?

Interviewee Notes

- The focus was on analysis of factors and how are they relevant to the EV industry
- The interviewer focused on the approach and skipped past the numbers

Structure/ Framework



Key Takeaways



Case Statement: It is the year 2016. Your client is the OEM major Kia Motors. It can be considered a sister enterprise of Hyundai Motors. It currently has presence across North America, South-East Asia, Europe etc. As part of its global expansion program, it wants to enter India. How would you evaluate this opportunity?

Thanks, I would like to start by asking if there is any specific objective that Kia is looking to achieve in India, and what is the time-frame they're aiming for the same?

The goal is attaining market share first and then being profitable in 3-4 years

Since I know it's an OEM, I am assuming that they produce all the components required and assemble it. The sales would happen through dealership networks. I will focus on this part of the value chain for this case. Is that okay?

Yes, you can go ahead with it.

You mentioned that Kia is a sister enterprise of Hyundai. Can you give me an idea of the existing Indian market scenario in terms of competition, share, incl. for Hyundai?

Maruti is the leader with 50% share, followed by Hyundai at 20% and Tata at 8%

Alright, so now for analyzing the opportunity, I will start with the economic feasibility and then the operational feasibility. Is that okay?

Yes, you can start with the market sizing. I don't want the numbers; I just want a rough idea of how you would go about it

Firstly, I would look at the entire population of India. I would divide it into rural and urban areas. Since a significant part of the road infrastructure and regular commute patterns are concentrated to urban, I will focus on this segment. Also, 4W can be used for both commercial, that is taxis & for personal use. I would like to focus on the private usage. Are these two assumptions, okay?

Yes, go ahead

I would determine the number of households, and then divide it into low, medium and high income. Assuming a certain number of cars per household for medium and high-income households, I would divide urban regions into metros, which already have good public transport and non-metros and look at the numbers for those.

You can stop there, that's good enough. What else would you look for?

There's one thing I missed out on earlier, that is, are the market shares of competitors mentioned earlier for the economy or premiums segment? Also, does Kia have a competence in either economy or premium?

The market share mentioned earlier was for the entire market, however a major part of it is the economy segment – which is basically your entry level hatchback, economy sedan etc. The premium segment would consist of luxury sedans and SUVs. Kia is open to both. What would you recommend – economy or premium?

Considering that the economy market seems to be quite concentrated, it might be difficult for Kia to make an impact quickly. Furthermore, considering the growth of disposable income in India and the trend towards preference towards luxury vehicles, Kia can look at the premium segment. Moreover, it already has a reputation as a trusted brand, which is important in this segment

Fair enough. How would you proceed at this point? What recommendations would you have for Kia?

In my opinion, Kia can leverage the favorable policies of the Govt. towards domestic manufacturing and cheap labor available in India to setup their mfg. plant in India. It can leverage the existing synergies it has with Hyundai for manufacturing as well as the distributor network it has. On the marketing side, it can focus on the premium customers and position it as an international luxury brand

Good, we can close the case now. Thank you.

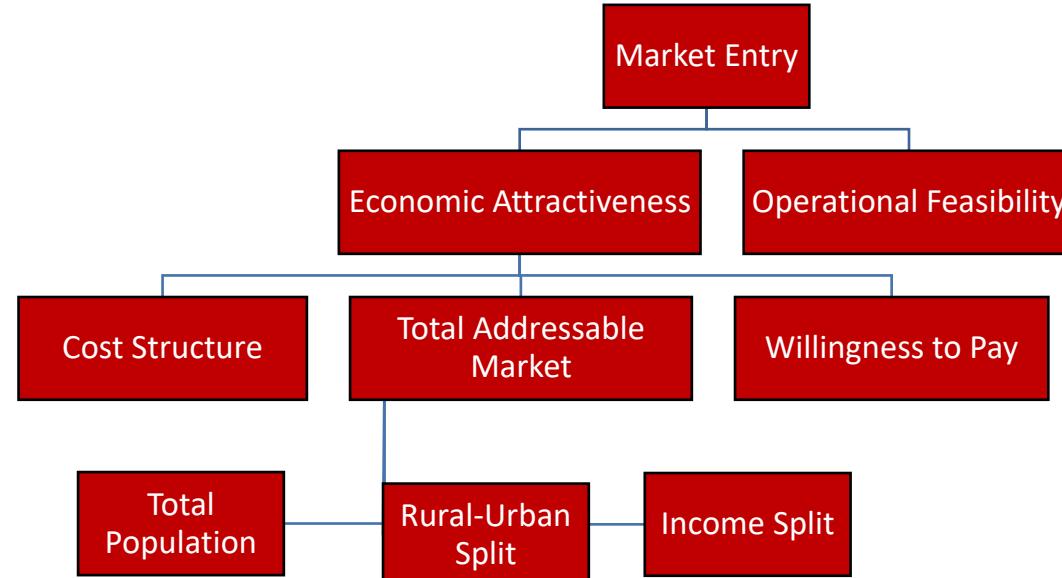
Case Statement

- Kia Motors wants to enter India
- It wants to attain reasonable market share and achieve profitability within 3-4 years
- Is a sister enterprise of Hyundai, which is already present in India

Interviewee Notes

- Multiple segments for entry
- Have a partner enterprise already present
- Concentrated market overall

Structure/ Framework



Key Takeaways

- Ask all relevant clarifying questions upfront.
- Do not assume parts to be excluded. Eg: Barriers of entry, Mode of entry
- Understanding who will use the product is crucial for market sizing – one level deep after income split
- Structure the “how to proceed” part, instead of directly diving into answer. Interviewee did not MECE adequately



Case Statement: Our client is a leading airline service provider. They have done a study as to where could they increase their frequency and where could they add new routes. The new policy got approved by their Board. You need to help the client on starting on a particularly identified route which is Kolkata – Goa – Kolkata

Before diving into the case, can I know about existing flights on mentioned route?

Sure, we have an Indigo flight on this route which is a direct flight.

Ok great. Can I know more about this flight, as in how many seater planes, what is the timing, occupancy of the plane?

It is a 180 – seater plane and the route timing is 10:30 am Kolkata to 01:00 pm Goa and return at 02:15 pm from Goa, once daily. The frequency once in a day. The flight runs at 95% occupancy on average

Ok, Can I know about our client's plane (how many seaters?)

It is also a 180 seater plane

(After asking for few minutes to structure thoughts) I would like to ask a few more questions. Why have the other operators not started operating on this route?

Well, many operators are evaluating this route

Ok. So with 95% average occupancy it seems to be a great route to run a flight. So our concern should be to decide at what slot do we plan to run the flight upon and what frequency do we plan to operate. I want to know more about the cost structure of operating a flight on a route?

Ok, what about the cost structure?

Tariff at the airports, parking charges (if they are cheaper at Goa then we park the plane there or Kolkata). Is the same plane used for other routes as well? Do I also need to size the market on this route?

Ok, ignore these factors for a moment. And there is sufficient demand on the route so market sizing can be ignored as 95% occupancy on average is an excellent occupancy.

Ok, how are the slots decided at the airport for an operator?

Assume, that you will be given the slot that you desire for, how would you suggest the client to operate on this route.

The route is attractive. So firstly, we have to decide on the slots at which we operate. We also need to check what differentiating services can we offer to poach customers from competitors who also operates on the route?

Interesting, what differentiated services can you offer?

Well, achieve operational efficiency, allow faster check-in/check-out, increased frequency for seasonal demand (as Goa has more tourists during winters and Christmas) and perhaps use data for some personalized services and even provide more luggage facilities.

Don't you think that the operators are already doing it? And on your luggage point, what kind of travellers go to Goa? And what kind of luggage will they have?

Tourists who travel with less luggage. Light travelling is the norm, so it is not a feasible suggestion. Can we operate indirect flights?

Our operator has direct flights on this route, so the flight is costly.

Interesting! Then we can include indir. flights on this route which will reduce ticket cost & inc. occupancy. We can have 1-stop flights w/halts at Mumbai, Bengaluru.

Ok, at what slot would you prefer the client to schedule the flight



As we have very high average occupancy it means there is demand on the route. I would operate the flight at the same time or around the same time as my competitor to take advantage of the demand. As our flight will be with one-stop, we can lower our ticket prices as well.

If the client lowers the ticket price, how will the competitor react?

It will also lower the price.

So is it a good idea?

No, hence we can operate at the same price as competitor. And since our costs could be lower because of one-stop flight and higher occupancy we can make higher profits.

Alright, thank you. We can close the case here

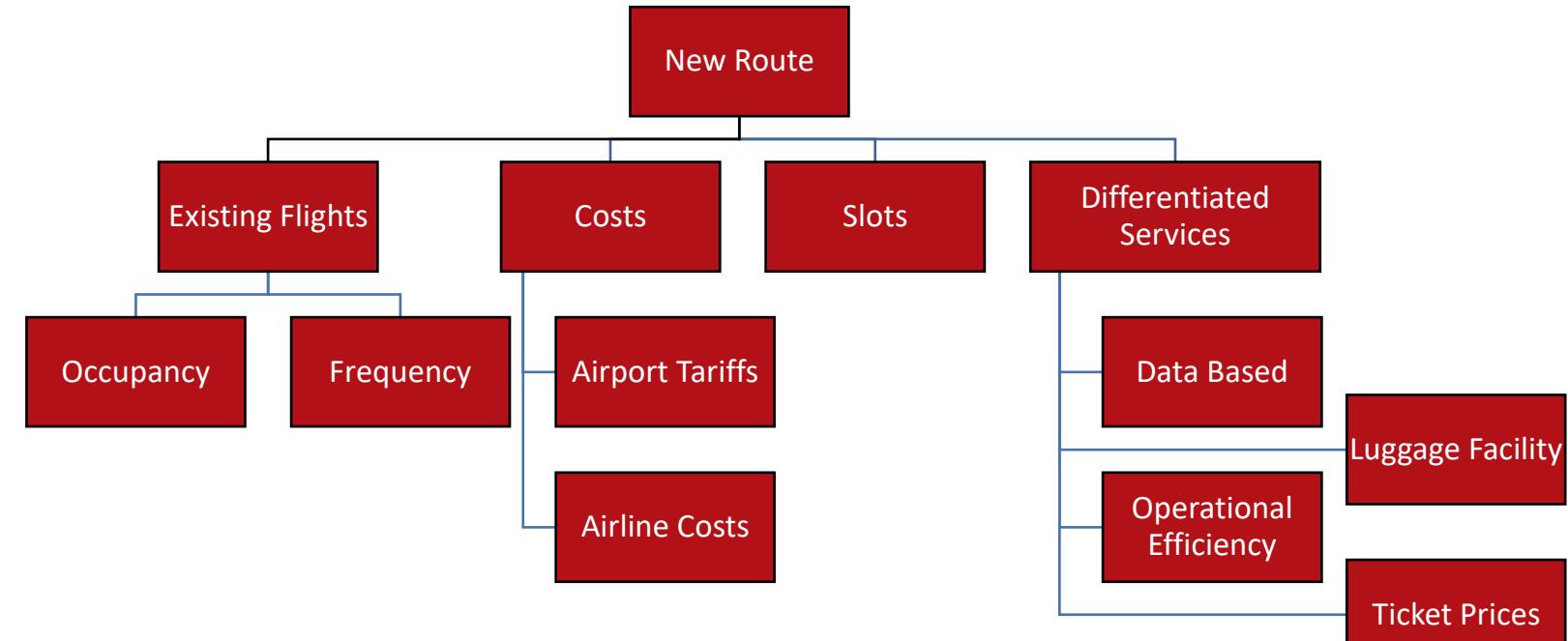
Case Statement

- A leading airline service provider considering to where could they increase their frequency and add new routes

Interviewee Notes

- Many competitors exist due to high occupancy of the route
- No need to focus on conventional framework

Structure/ Framework



Key Takeaways

- The interviewer was pushing to focus on methodology of implementation. One must be quick to adapt
- It is more important to MECE and check things to focus on, with the interviewer when framework isn't conventional
- Preliminary questions need to be more comprehensive. Recommendations must be more unique – Eg: Partner with travel agencies, etc.



Ratan Tata visits Germany and is amazed by the third-party garages there. He wants to replicate the business model in India and has asked for your help to understand if it is feasible. If yes, how to approach this?

I would like to understand the problem a bit more. Why do customers opt for third party garages than company service centers? What is their revenue model? Which segments in auto does it cater to?

These are independent garages focusing on vehicles from all segments. The revenue model is both pay per service and subscription based. Customers opt for this for better quality in lower prices. Auto dealers are okay with it as the servicing sector doesn't contribute much to their revenue and increases costs.

In order to understand the reason for their existence, how do they source the original spare parts as it must be a concern? Also are we planning to implement the exact same model in India, and what's the current competitive scenario in India? And what is the objective behind replicating this?

The parts used are original sourced from the tier 1/2 suppliers. For Indian scenario focus on cars only. There are no organised players present in India. The objective is to increase revenues maintaining decent profitability.

Ok, I have good information to proceed with my analysis. Since this is a new industry, I will begin by analyzing the market attractiveness, and then move on to analyze the operation aspect as in setting up of the value chain and potential barriers if any.

That sounds right. Let's start with market sizing and target segment. I want to see your approach, don't focus on numbers.

Sure, I will begin with the population approach. Apply filters of urban and rural. We proceed with urban and apply filter of income (high, medium & low). Divide, this by 4 to get number of families, we can ignore the low-income segment. Multiply medium and high income by number of cars per family. 1 and 3 respectively.

That's about right, which segment do you suggest we should target?

MI segment looks for value for their money whereas HI looks for brand and convenience. Even though the MI segment seems lucrative, the unorganized Indian

repair industry is full fledged and attracts the MI with much cheaper prices with duplicate parts. Hence, I think our favorable segment would be high income. That's a good observation Indian unorganised sector is quite popular among the medium income segment. Our offering of convenience and quality will sit better with high end segment.

Right. Also, we can earn better margins from this segment. Do you want me move to pricing also?

No, let's focus on the setting up of the value chain. How do you suggest we go about it ?

Understood, Since we are focusing on high income clients, we will be dealing with high end luxury cars. We will need strong supplier relationship with both domestic as well as overseas suppliers. That shouldn't be a problem with the brand name Tata. Next, we will need to setup stores, preferably in tier one and two cities. For marketing we can tie up with dealers for servicing programs and advertise directly in store. Lastly finding skilled workers might be a challenge for which we can setup a training facility for the same.

Those are great suggestions. Can you elaborate on the location of the stores? Which locality to target in the city?

Let me gather my thoughts. I think ideally, we should be in the vicinity of our clients. But those areas must have very high rental cost, instead we can locate ourselves outside the city on major highways, with large stores.

Wouldn't that be inconvenient to our clients?

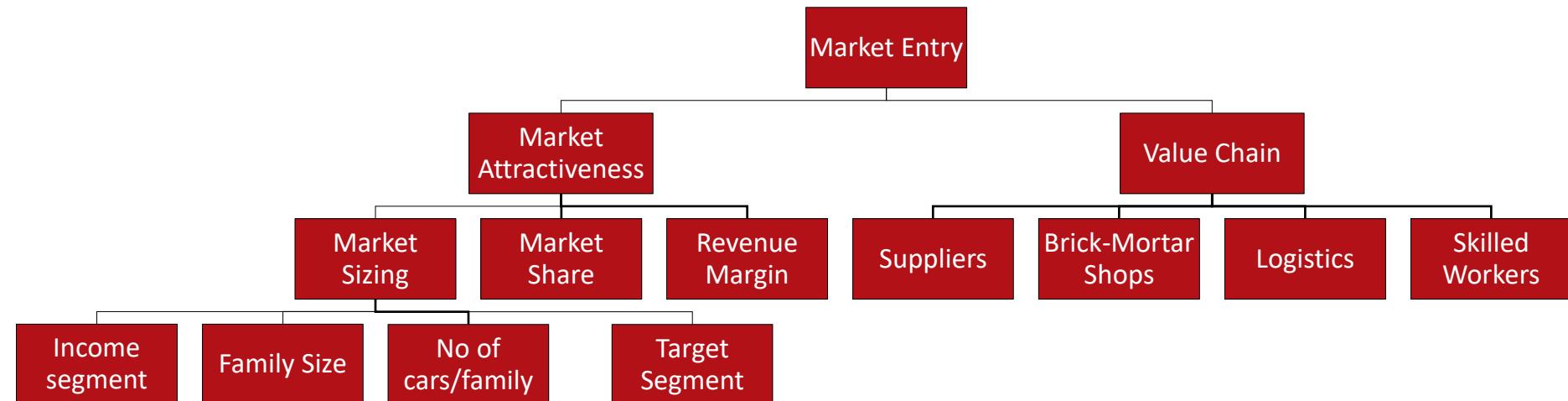
For convenience we can have pickup facility for our clients. This will help us exploit low rent cost, high economies of scale and deliver convenience to our clients too.

That is what I was looking for. We can close the case here. Thank you.



Ratan Tata visits Germany and is amazed by the third-party garages culture there. He wants to replicate them to India and has asked for your help to understand how to approach this?

- Understand the business model of these garages and why are they better compared to brand owned stores.
- Identifying the issues related to unorganized sector in India while assessing target segment was of key importance here.
- Remember to tie up each decision to the objective of increasing revenues and convenience



- Before jumping into the market entry framework, understand the business model. Try applying your own experiences to bring in insights.
- The Market attractiveness was more about identifying the attractive segment. Adapt your approach by taking feedback from interviewer before moving onto the next steps.



Your client is a US manufacturer of bread mixes with a \$40M of yearly sales. It is planning on expanding its product line to pizza mixes and is asking for your advice.

Before we go forward, I have a few questions about the client and the product. When we say mixes, are we talking about frozen dough or powdered mixes? Also, what parts of the value chain do we operate in?

We deal with both frozen doughs and powdered mixes. Right now, we want to launch powder mixes in the pizza category with an organic powder as a selling point in the US market. The client has the complete manufacturing capability and does all distribution through grocery stores.

Is there an existing product in the market?

While there are no organic pizza mixes, regular pizza mixes do exist.

Alright. How is the industry growing and what are the market shares for our client?

The food industry is growing at 25% YOY and the mixes make up about 10% of this industry.

The client is not the market leader but has a considerable market share.

I understand. What are the timelines along with any specific objectives, if any, that the client is looking at? Also, is there any budget constraint for the same?

While there are no specific objectives, the client wants to be a dominant player within 2 years of entry. There are no budget constraints.

I think I have a fair understanding of the problem at hand. I would break down my analysis in 3 major buckets: Market Attractiveness, Operational Viability and Financial Feasibility. In market attractiveness, I would look at the market size and market features such as the competitive response and capturable market share. In operational viability I would look at pre-entry considerations and how to enter the market. Finally, in financial feasibility, I would look at what are the various cost and revenue streams to understand can we successfully break even.

Sounds like a comprehensive approach. The competitive response is outside the purview of the case. Let's look at the market size for the pizza mixes. Can you give me a factor to calculate the market size?

Sure. Assuming pizzas are bought for a family, I will calculate the number of Pizzas sold yearly and will take a discount factor of 12.5% (10% share + 25% growth) which could be used to

calculate the proportion of pizza mixes out of the pizzas consumed. Number of pizzas sold will depend on the US Population, urban rural split, average family size, income class wise split, average frequency of monthly purchases and a discount factor for organic pizza bases used.

This looks like a good strategy. Why don't you take a minute to feed in the numbers and come with a value?

Sure. Based on the calculations, we are looking at about 26 Mn yearly purchases.

(Calculation done below in the chart) While this looks like an attractive number, we should look at the operational feasibility and financial viability. Given we already manufacture bread mixes, would it be a fair assumption that we have all the processing capabilities for the pizza mix and that the only challenge would be in terms of sourcing raw materials and capacity utilization?

Spot on. There are no operational challenges in sourcing the raw materials and the client has the adequate capacity to deal with the launch of a new product category. Let's look at the financial viability. Each packet is priced at \$3.5, the per unit costs are \$1.2 for raw materials, \$0.3 for the fuel for the machines and \$1.5 to for all distribution and storage. Along with this we would incur a fixed cost of \$120,000. Do you think the product is financially viable?

I'll identify the breakeven quantities required and benchmark it with the potential yearly sales to figure whether the product is viable. To break even, the firms profit contribution should at least be equal to the fixed cost. With a profit per unit of \$0.5 (3.5 – 1.2 -1.5 -0.3), the client needs to sell 240,000 units to breakeven. This number is attainable as we are looking at yearly sales of 26 Mn and hence the product launch is financially feasible too.

Great. Can you summarize the case and give your final recommendation?

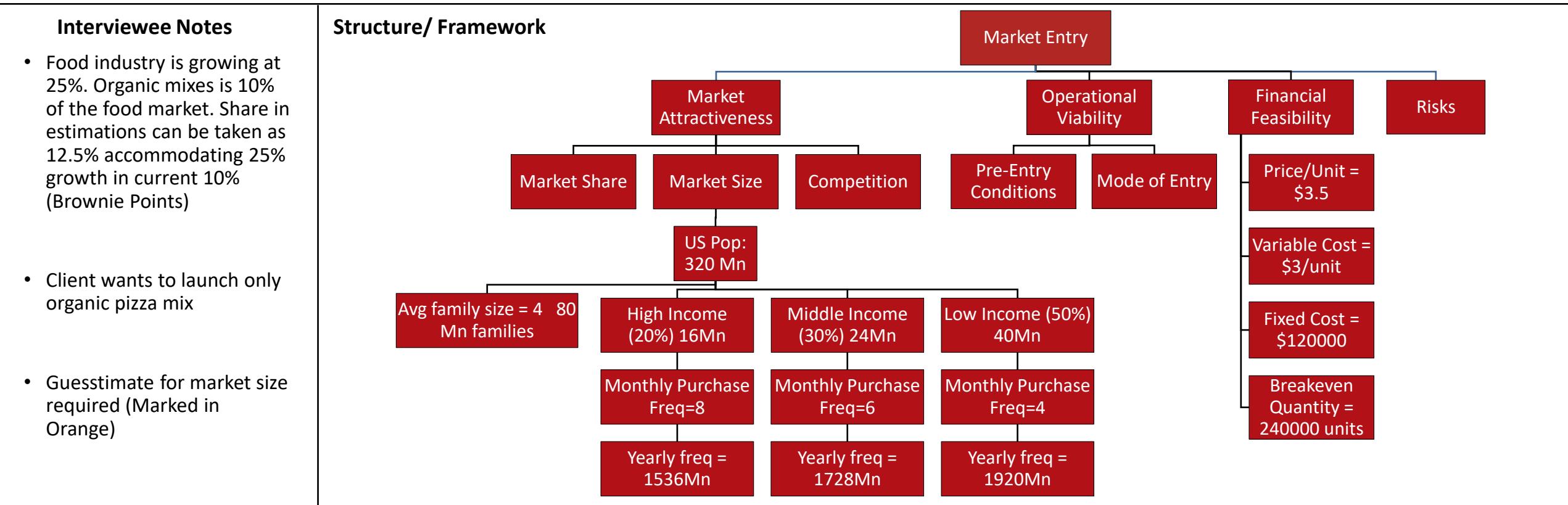
Sure. Our client wanted advice on a new product launch for organic pizza mixes in the US market. We looked at it from the lens of Market Attractiveness, Operational Viability and Financial Feasibility. We concluded that the market was attractive with 30 Mn annual sales. With no significant operational challenges, we came up with yearly sales of 240,000 to break even, and hence financially feasible. Hence the client should go forward with the product launch with the existing capacity.

Okay sure. Sounds good. In the interest of time, we can close the case here.



Case Statement

Your client is a US manufacturer of bread mixes with a \$40M of yearly sales. It is planning on expanding its product line to pizza mixes and is asking for your advice.



Key Takeaways

- Ensure that you lay out the structure for your analysis at the start. Following MECE from the beginning to very end is critical to cover an exhaustive set of recommendations.
- Ask the interviewer for relevant data instead of getting stuck in your analysis

Your client is an Indian motorcycle company, who wants to enter foreign markets. They have divided the potential regions into Europe & USA, China, Latin America, Africa, and Southeast Asia. Can you help them develop preferences from most attractive to the least

Thank you for the case. Before I proceed with structuring and solving the problem, I would like to ask a few preliminary questions.

Sure, go ahead.

I would like to understand if there is any particular reason to enter foreign markets. Also, I want to understand the objective of the market entry – whether it is to increase profit, revenue or market share, or any other specific purpose.

They are looking to increase both their top and bottom lines

Okay. I would also like to know the mode of entry – whether its through export or setting up a plant at the respective regions? Also, I want to know their segments of expertise – economy, mid-range or sports.

Our client is planning to export to other regions by manufacturing from India. They specialize in the production of mid-range vehicles that is 100 – 250 cc.

Thank you. So, I would like to proceed by looking at the market attractiveness, financial viability and operational feasibility for each of the identified potential regions and then arrive at the preference and then give recommendations on how to enter into each region. Does the approach look fine?

You can assume that the market is attractive, viable and feasible for all the regions. So you need not get into market sizing.

Okay. I will begin with Europe and US region. In this region, the people buy motorcycles in the sports or luxury segment which is usually over than 250 cc that our client specializes. But in other regions, mid-range motorcycles are more popular. So, US and Europe should be given the last preference.

Fair enough. Now you can evaluate the other regions

Now I would like to evaluate the Chinese market. Do we have any data on the competitive scenario in the Chinese market.

Chinese automobile market is the largest in the world. But the market is dominated by local players and fomestic manufacturers have a 100% market share

I can think of three reasons for the dominance of local players in the Chinese two-wheeler market. This can be because of government regulations, competitive prices offered by Chinese companies which creates a barrier to entry for foreign players or the preferences of the customers itself. In any of the above cases, it will be difficult to achieve a marginal share in the market. Thus, China will be 4th in the order of preference.

Great insight. The foreign players are, in fact, unable to sustain in China because of the customer preference towards Chinese automakers.

Likewise, do we have any data on the rest of the markets?

Southeast Asian customers prefer a specific type of motorcycle called the cubs. Designing a new cub-type motorcycle will take about five years. Latin American governments have a regulation. The bikes have to go through a minor modification to comply with the regulation, which takes about one year. African countries don't have any regulations. So how would you go about the preference?

The African region requires neither investment nor any other regulation compliance. The customers also prefer mid range two wheelers. So, it can be given first preference. The second preference can be given to the Latin American region because of a short lead time for the modification. The Southeast Asian region will be the third preference because it involves entirely designing a new type of vehicle. Regarding the mode of entry in the African market, our client can directly export assembled vehicles or assemble them locally by sending completely knocked down (CKD) auto components. They can also tie-up with a local automobile distributor for distribution.

Sounds about right! Let's end the case here. Thank you

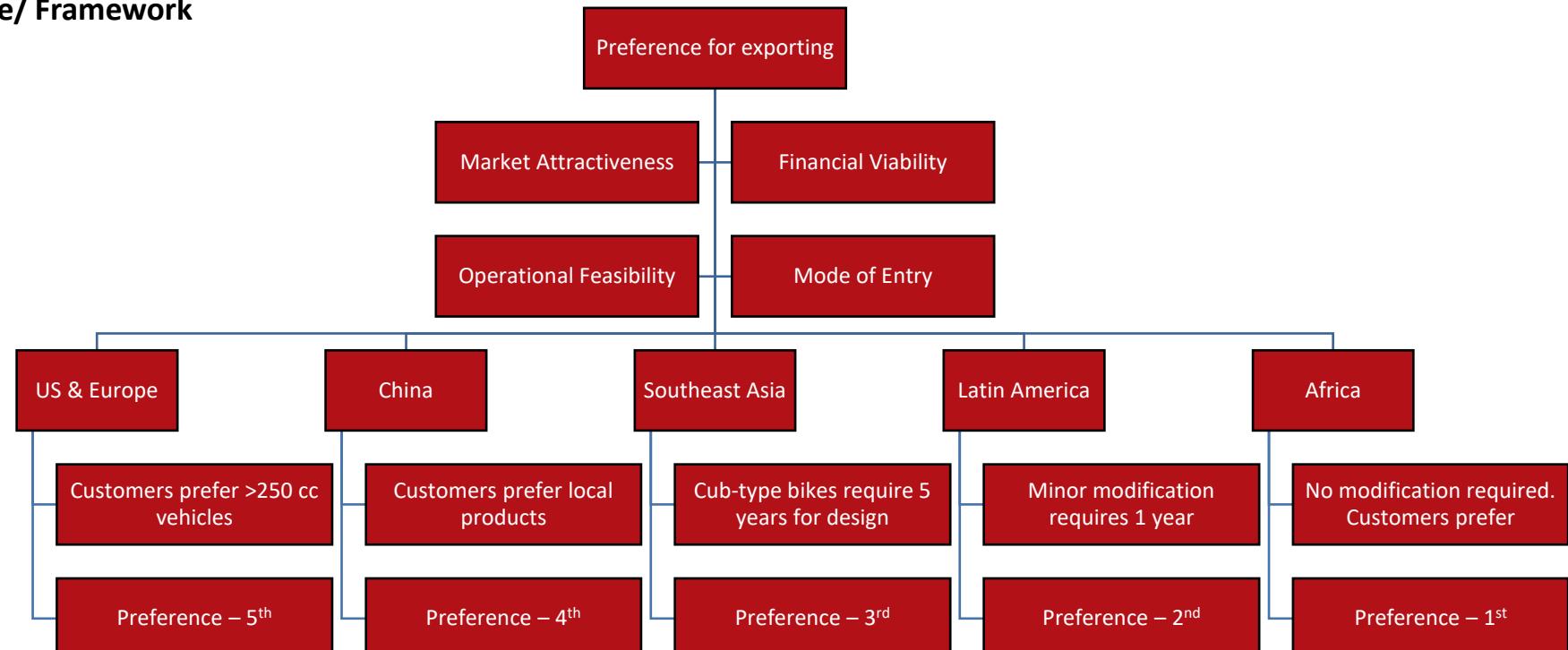
Case Statement

- Indian motorcycle manufacturer is looking to export to five different potential regions
- Five regions – US & Europe, China, Latin America, Southeast Asia and Africa
- What should be the preference order among the five regions?

Interviewee Notes

- Client specializes in 100 to 250 cc segment
- 100% Chinese market held by local players
- Southeast Asia – Customer preference cub type vehicles
- Latin America – Government regulation requires a minor modification
- Africa – No regulations

Structure/ Framework



Key Takeaways

- Importance to be given for the customer preference and regulatory barriers
- Start with top-down approach in the Market entry cases and get a buy-in from interviewer
- Give recommendations on mode of entry and unique insights drawn from personal experience



Your client is a budget hatchback car manufacturer wanting to enter the sedan segment. Suggest whether they should enter the market and if yes, suggest a strategy to do so.

Before delving into the case, I would like to know a little bit about the business context of the client. Which geographies do the client primarily operate in? What is the motivation for entering into the budget sedan segment?

The client has major presence in India, and they want to launch their product in the Indian market competing with the likes of cars like Honda City. They want to increase profits.

Ok so I will look at the problem bucketing into 3 categories - Financial feasibility, Operational feasibility, and the risks. Does the approach look fine.

Yes, please proceed.

Ok let me look at the market size and market share that we could achieve. For Market sizing do we have any information or should I proceed with a guesstimate.

Let's not get into the market sizing part and let's say there are 4 major players in the market and there is enough consumers in the market to cater to a new player. Let's try to look at the potential risks for our client.

Since they have been operating in the budget segment so far, when we upgrade to a semi luxury brand under the same name consumers might be apprehensive about buying the product as compared to the competitors' product.

Ok fair enough. You have identified a major concern here. What do you think the client can do to mitigate the threat of the sedan being stereotyped and not doing well in the market compared to the competitors?

First of all, they can try to position the product slightly differently from the competitors as an everyday sedan. They could price it slightly lower than the competitors at least initially until the product gains traction among the consumers. Also, they could leverage on the existing customer base to increase sales.

Good. So can you elaborate on how you will use the existing customer base to improve your sales?

Yes, sure. I can think of a couple of ways to do it. Firstly, we could upsell the product to our existing customers by providing attractive discounts/offers on their existing hatchbacks and sell them the sedan. Also, since we have the information on when our customers have bought their cars, we could do targeted promotions to existing customers if their cars are old enough and can be potential new car buyers.

Excellent. Can you tell me how we should price the product.

Ok, so I believe that we should price the product by benchmarking it with competitors and should price the product slightly lower than the competitor until our product gains enough market share

Ok fair enough. Is there any other way we could price the product.

There are two more ways that I can think of about how to price it. Cost based and value-based approach.

Ok great. Can you tell me how we could do value-based pricing for our product.

Here we should try to sell the product on the basis of its perceived value and the willingness to pay of the customer.

Ok great. I think we can stop here. You have done the case well.



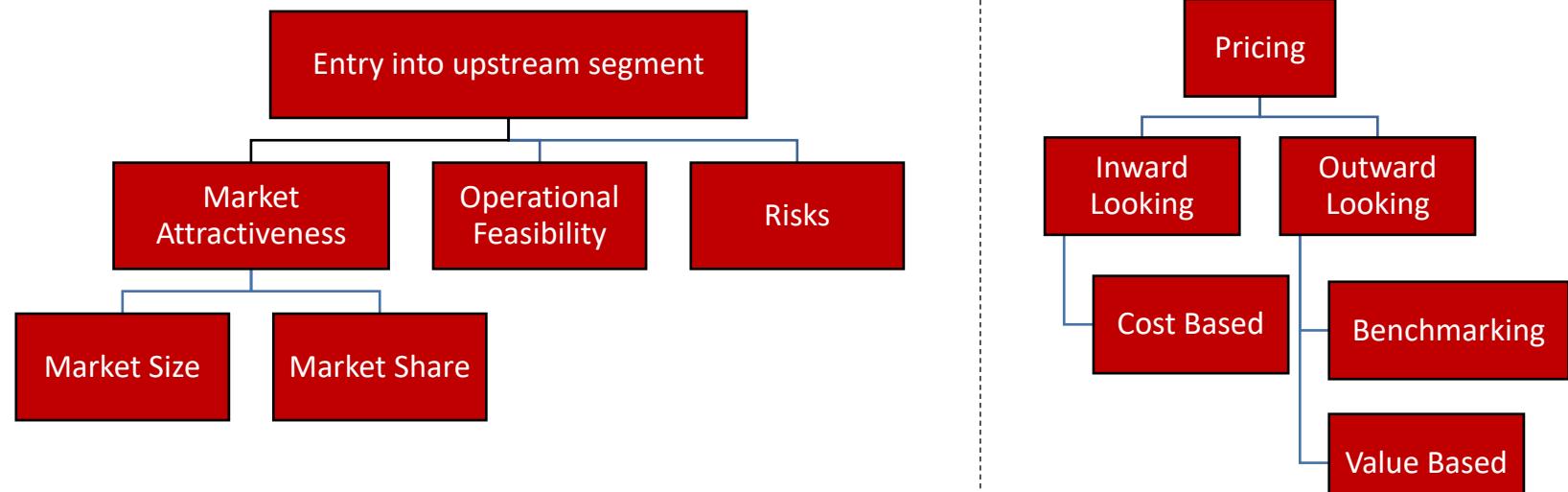
Case Statement

- Entry into upstream segment of the same product segment
- Aim: Increase revenue and generate alternate sources of revenue

Interviewee Notes

- Success Metric is increased profits
- Focus on potential risks to market entry
- Competitive pricing strategy to attract customers

Structure/ Framework



Key Takeaways

- Understanding key factors for people buying a middle-segment product
- Traditional framework was not followed. Risks could have been MECE'd better as internal, external.
- Pricing breakup could be clearer upfront. Start with breakup and then put your thoughts on what you think makes most sense in context



Case Statement: Our client is a multinational pharmaceutical company. Its area of business involves manufacturing agrochemical, seeds and biotechnology products. They have recently developed a chemical to enhance sugarcane production and are thinking to launch it in Indian market. You have been hired to help the client figure out whether to launch the chemical product or not ?

I would like to restate the case statement to make sure I got the it correct. Our client is a pharmaceutical MNC and manufactures agrochemical, seeds and biotechnology products. Recently the client has developed a chemical which enhances sugarcane production and now needs our help to figure out its launch. Is that right?

Yes that's correct.

Before starting to analyse the case, I'd would like to ask few clarifying questions to understand the client and context better. Firstly, what is the client's objective behind launching this chemical product and the time frame for achieving it ?

The client wants to maximise its profit. There is no timeframe in mind, but the client wants to achieve this objective as ASAP.

Why has our client chosen the Indian market to launch its new chemical?

India is a potential market with almost 17% of world's total sugarcane production, which makes it one of the largest producer worldwide. Moreover, R&D of the newly developed chemical suggests that it is more compatible with Indian soil texture.

Thanks. Does our client currently operate in India? What part of the value chain does the client currently operates in?

No, client doesn't operate in India. But in other geographies, our client owns the entire value from R&D till distribution to retailers.

Next, can you tell me more about the new chemical, what are its benefits and side effects? How is it used? Also, who are its potential customers?

Sure. The chemical increases the yield of sugarcane by 20%. It also speeds up the growth time by 5%. There are no side effects as such and it is used similar to how a fertiliser is used. The customers are sugarcane farmers.

Are there any competitors present in the Indian market? If yes, how effective is our chemical product with respect to their products?

Yes there are 3 existing competitors in the Indian market, but our client's new chemical is more effective as it uses completely new technology than any others in the market.

Does our client have a patent for this new technology?

Good question. Yes the client owns this new technology and has the patent over it.

think I got a good idea to start the case. Can I take few seconds to structure my approach?

Sure, go ahead.

I will start by analyzing the market barriers, then check the financial viability and thereafter look at the operational feasibility. Lastly, I will look at mode of entry. Does this sound like a good approach?

Yes, sounds good. You can continue.

For analyzing market barriers, I would like to break it down into internal and external barriers. Under internal barriers, I'd look at any financial or capability constraint while launching. Is it fair to assume that there is no capability constraints as the client already operates in same business in several countries?

Yes. You are right there is no capability constraint. Also, The client has deep pockets and has no financial constraints.



Do we have any external barrier, which are not under the direct control of the client like barriers in procurement of raw materials, tax, government regulations, license, distribution network, legal, technology, reaction of existing competitors, etc.?

Comprehensively covered, and no. We don't have any external constraints as well.

Now, as it's clear that there are no barriers to entry. I would like to move forward and evaluate the financial viability. To evaluate this, I would like to look at profit and split it as a function of Market size (Kg) * Market share (%)* (Price-Cost) INR/Kg - Fixed cost (INR/Kg) and see the profit potential.

How would you calculate the market size. Give me a qualitative approach.

I'll first start with India's total land area, multiply it with % cultivable land, then with % of actively harvested land and thereafter with % of sugarcane harvest. This will give us total land on which sugarcane is harvested. Finally, multiply it % of sugarcane farmers who use chemical enhancer and with chemical required (Kg/m^3)

Exactly what I was looking. You can take the total market size to be 2 lakh tonne.

Do we have any information on the % of market share our client is expecting to capture? Considering that our chemical product is more effective than other 3 competitors and have no side effects, would it be safe to assume that the client can capture a market share of greater than 1/4th of total market share?

That's a fair argument. Assume that the client will be able to capture around 30% market share. Now why don't you help the client figure out the pricing.

We can price our chemical product in 3 ways. First, look at the chemical's variable cost to figure out minimum price ceiling to break even, then we can look at the competitors' prices and apply a premium given our superior quality. Lastly, we can look at the farmers' willingness to pay by evaluating the value created and get a price ceiling. Do we have any information about the total variable costs per unit?

Yes the client incur a variable cost of 30 INR per Kg. Can you help me understand what all costs will be variable in nature?

Sure. The variable costs will be incurred includes production, packaging, distribution, etc. The client has to charge a price of more than 30 INR per Kg to make profits. Next, do we have any information regarding the price charged by the competitors?

The competitors charge a price of 50 INR per Kg.

Okay. Since our product is more effective, we can price our product at a premium i.e. greater than 50 INR/kg. Next, I would like to evaluate the value created for farmers. We can split it into monetary and non-monetary values.

Sounds fair. Just look at the monetary benefits created for the farmers.

Sure. Monetary benefits for farmers will be through two ways. First because of increased yield and second because of labor cost saved owing to quicker growth.

Good. You have covered both the benefits. We have some data for this. Without chemical, a farmer earns 500 INR/m^3 and it takes 60 days for the sugarcane to grow. Labour cost per day is 10 INR /m^3 and 1 kg of chemical is required per m^3

So, by using our product, farmers will earn extra 100 INR/m^3 due to yield increase. It will now take just 57 days to harvest, saving 3 days or 30 INR/m^3 . Total benefit is 130 INR/m^3. Since, 1 Kg is required per m^3, total benefits will be 130 INR/Kg. Hence, the our chemical product should be priced below 130 INR per Kg.

Lets price the product at 100 INR/Kg. Consider 100 INR Cr. is the Fixed cost incurred

We can now calculate the profit as $2 * 10^8 \text{ Kg} * 30\% * (100-70) \text{ INR/Kg} - 10^9 \text{ INR}$. Therefore, client's overall profit will be 320 INR crore. Our client will be earning more than 3 times of the investment made.

Your figures look good. I think we had a good discussion. Thanks.

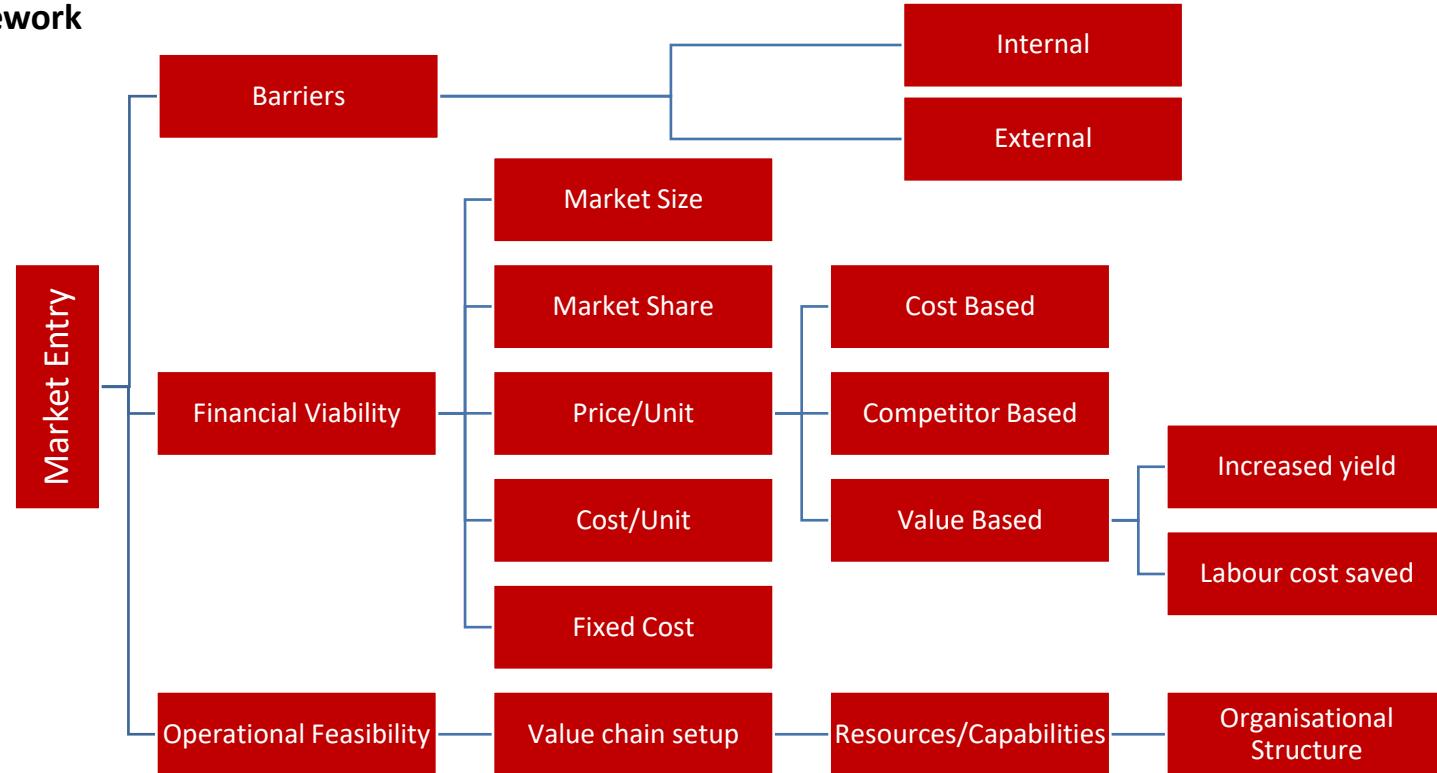
Case Statement

- Client has developed a new sugarcane yield enhancer chemical
- Client needs our help to figure out whether to launch in India or not

Interviewee Notes

- Newly developed chemical increases yield by 20% and speeds up growth by 5%
- Market Size is 2 Lakh tonnes, expected Market Share is 30%
- Variable cost is 30 INR/Kg, competitors charge a price of 50 INR/Kg
- Yield is 500 INR/m³, growth period is 60 days without chemical
- Labour cost is 10 INR per m³ per day, 1kg chemical is required per m³

Structure/ Framework



Key Takeaways

- Ask short and crisp clarifying questions and look out for cues by the interviewer.
- Its important to take the buy-in of the interviewer and explain what you are doing during the analysis
- Carefully note down any figure which the interviewer provides and keep it at the back of your mind as to where it could be used

Case Statement: Your client is a software solution (ERP) provider and wants to implement the same at gyms, salons and spas in India. Advice the client regarding the same

Thank you for the case. So first and foremost, I would like to understand what exactly does this software provide

The software is an ERP software which performs various functions such as appointment scheduling, client management etc for the gyms/salons/spas and The client is currently located outside India and wants to enter India through the above-mentioned sector

Right, so where is the client located and any existing expertise

The client is currently located outside India and wants to enter India through the above-mentioned sector

Okay, and are there other such software available in the market

There is no other software customized specifically to the needs of the gyms, spas and salons at the moment. here are other general ERP software, however, the functions mentioned are generally performed manually.

Thank you. So, I will take a few seconds to jot down my thoughts - if I may

Sure, take your time

Right, so given that the client is entering a new market, I would like to evaluate this decision on the basis of Market attractiveness assessed by (a)market size, (b)competitors, (c) customers, (d)potential risks.

Fair enough. Let's focus on market sizing first. How would you go about it?

Let's consider city like Mumbai, I can take the size of the city (in sq km) as the base and calculate the number of gyms in a particular radius. I would take a greater number of gyms in localities like South Bombay and lesser in certain other parts.

Can there be other ways of arriving at the number of gyms? Also, would we focus on all gyms?

I can first make a list of all the prominent gym chains in Mumbai. So I assume there are 10-15 such branches of a certain brand like Gold Gym and say 10 such chains. Now taking 8 metro cities, there would be approximately 800 gyms. Moving to tier 2 cities, the number of gyms will be much lesser, so I would have to reduce the above.

So how would you find the revenue from Tier 1 city gyms?

The fees can be subscription-based model or a one-time upfront fee. But I think a subscription model is more feasible. I can charge them a one-time fees for purchase of software and then on the basis of the number of branches in which they implement the system. I could also charge on the basis of the number of modules implemented for the client.

Alright. So, what else will the client have to look at?

The client will look at the market sizing and estimate the proportion of market that they can capture. Apart from that, (Going back to the initial framework) since there are no ready substitutes and the tasks are generally performed manually at present, there is no eminent competitor. However, the client would have to demonstrate the benefits of the product to the gyms, salons and spas. This will create a market for the product, but along with it comes a threat of new entrants

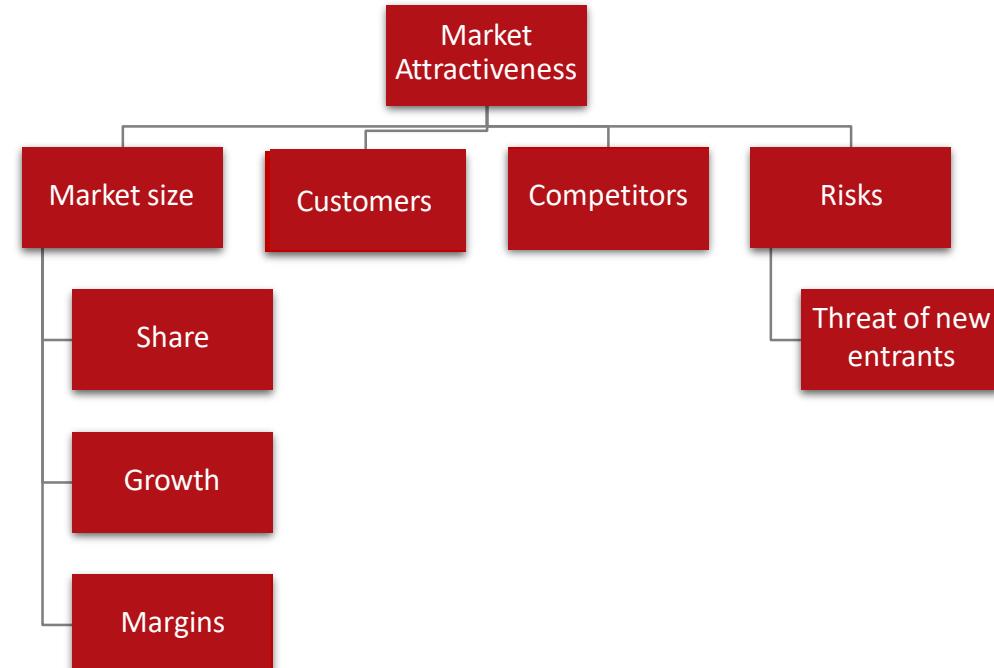
Sounds about right! Let's end the case here. Thank you

Case Statement

- International software solution (ERP) client and wants to implement the same at gyms, salons and spas in India
- Factors to consider for helping them in expansion
- Market sizing and revenue from the Gyms

Interviewee Notes

- International Client
- Implementation at Gyms, salons and spas
- Provide software services which are currently done manually
- Market sizing of Gyms
- Number of gyms and revenue

Structure/ Framework**Key Takeaways**

- Explain your approach in the Market entry cases with all the factors
- Have more than one approach for sizing the market
- Take assumptions of a known city so that you have all the required information



Your client is a high-end coffin manufacturer in Singapore. There is a new technology that helps make coffins of the same quality but at a lower cost. They have come to you for advice on how to proceed.

I would like to ask a few preliminary questions about the client. Would it be fair to assume that the customer segment they deal with is premium as they are a high-end manufacturer?

Sure, you can do that.

What do we know about the competitors in the space? What is the geography of operations and how is the competitive scenario? Is the tech proprietary?

The client only operates in Singapore. The market is stagnant growth-wise. We have a 10% market share of all the coffins. We have another competitor with approximately the same market share, and the rest of the market is fragmented. The new technology comes from the US and is not proprietary. Anyone can buy it and use it. Can you list out the options in front of the client?

At the first level, the client can choose to stay in the business or exit it. If they decide to stay in the business, they can either invest in the new technology or continue current operations. If they exit the business, they can either liquidate or sell to a third party.

That sounds fair. Can you evaluate the value from each step?

Okay! I will start with stay in business with no investment in new technology. I would like to estimate the profitability from this option. To estimate the revenue, I will start by sizing the market. Market size = Population / Avg life span * (Coffin bearers) . Our market size would be 10% of the above.

Okay you can take the population as 50L, average life is 80 years and 70% are coffin bearers.

This gives me a total market size of 43.7K coffins and our market size as ~4.4K coffins. To estimate the profits, can you tell me the revenue and cost structure of the business – what is the selling price of coffins, and what fixed & variable costs are involved in the business.

The coffins sell at \$5K and there is a variable cost of \$4.8K in manufacturing. We also have a fixed cost of \$700K/year to run the business. Can you assume a perpetual business and let me know the NPV of business assuming a 10% discount rate?

The annual profits come out to around \$180K. Assuming a 10% discount rate and perpetuity of business, I get a valuation of \$1.8M for the business.

That sounds fair. Can you now look at the option where the client invests in the new technology? Assume that the new technology reduces the variable costs by 50% and requires an upfront investment of \$150K,

Sure. The reduction in variable costs will increase our profits. However, since the technology is not proprietary, our competitors will also invest in the technology. This will lead to a price war and ultimately reduce each coffin's price to its variable cost. Hence, this does not seem to be a wise move for us to take. However, if the competitor buys this technology, we can either investigate entering this price war or exiting the business.

That sounds like a good assessment. Let's explore the next option of selling to a third party.

In this case we should expect to get the same amount as the NPV of our business, i.e. \$1.8M. For liquidation, I'd like to know about the client's assets and liabilities for this.

The major asset they have is land which they purchased 50 years ago at \$150K.

Assuming a 6% inflation rate can you estimate the current value.

6% inflation rate means that it will ~double every 12 years. Hence, in 50 years it will approximately be 16 times the original value that is \$2.4M

That's correct. So ,what will be your recommendation to the client.

The value of the assets is more than the valuation of the business. However, this value is going to keep on increasing with time. I would recommend continuing the business till the time competitors introduce the new technology and at that time exit & liquidate the business

That sounds good. Thank you for your time.

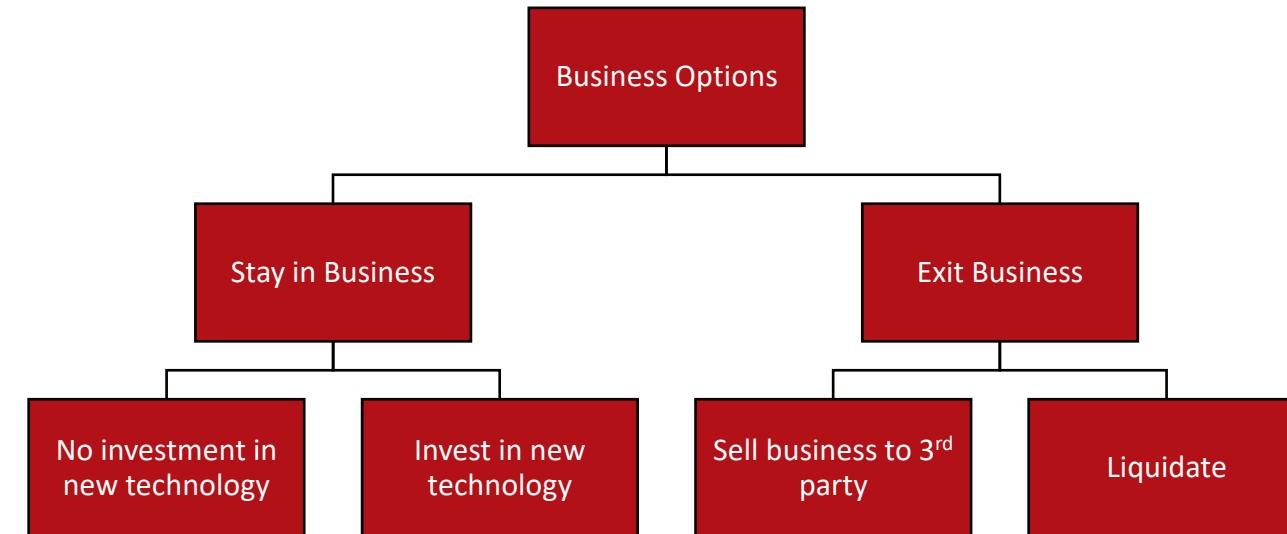
Case Statement

Your client is a high-end coffin manufacturer in Singapore. There is a new technology that helps make coffins of the same quality but at a lower cost. They have come to you for advice on how to proceed.

Interviewee Notes

- Premium customers
- 10% market share with one similar competitor
- Market growth has been stagnant
- Operates only in Singapore which has population of 50L, average life 80 years and 70% as coffin bearers

Structure/ Framework



Key Takeaways

- Take buy-ins from the interviewer regularly.
- Make the framework before jumping into the case. Remember to navigate the framework well.

Case Statement: Your client is SaaS firm planning to expand their operations overseas.
What factors will you consider to help them make the decision?

Thank you for the case. Before I proceed with structuring and solving the problem, I would like to ask a few preliminary questions.

Sure, go ahead.

I would like to understand if there is any particular reason to enter foreign markets. Also, I want to understand the objective of the market entry – whether it is to increase profit, revenue or market share, or any other specific purpose. I would also love to see the type of work we do as part of SaaS and type of clientele.

We are currently based out of USA and looking and looking for growth with no specific target. We provide hardware/software services to High-end clientele

Will be expanding in any specific services we offer or every services?

We will be expanding our entire services. How would you proceed?

Thank you. So, I will take a few seconds to jot down my thoughts - if I may

Sure, take your time

So, I would like to proceed by looking at the industrial attractiveness, financial viability and operational feasibility for each of the identified potential regions and then arrive at the preference and then give recommendations on how to enter into each region

Fair enough. Now can deep dive into the industrial attractiveness

I will create a matrix with probable countries we can target as columns and factors we want to look at as rows. Will broadly look into external environment of country using PESTEL

Please elaborate

(Used PESTEL)

1. I will start with some Geopolitical factors, political stability (P),
2. After-effect and return to Normalcy for the economy after COVID-19, inflation, currency risks, etc (E)
3. Skilled resource available, literacy rate, etc (S)
4. Technology edge as we are after all a SaaS company (T)
5. Overall effect of Pandemic (E)
6. Government regulations/barriers to entry for a foreign company entering (L)

Sounds good, any other factors that you want to look into? Assume our client has no financial constraints

I will also look at some operational factors-

1. Leveraging the MNC high-end clients to source some customers
2. Probable revenues 5 years down the line
3. Probable cost of running our operations eg, labour cost, infra cost, etc
4. Corporate Tax system

Will do an NPV to look at which location it would make the most business sense. Also, will check the competitive landscape of the location for similar players.

I'm impressed, if you were to pick one country what would that be?

Broadly considering the factors I've stated, I think India would be an attractive option for our client as it has high revenue potential and lower costs involved. But, definitely a much more detailed analysis is required.

Sounds about right! Let's end the case here. Thank you

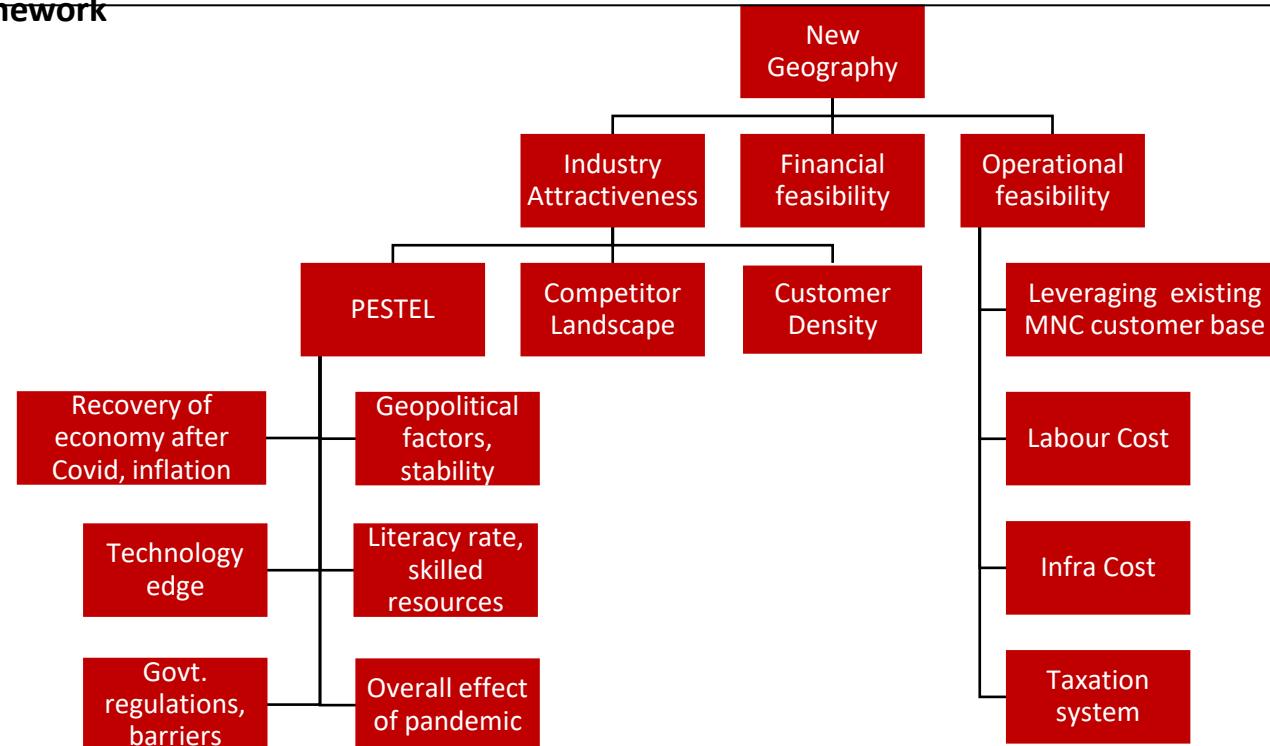
Case Statement

- US SaaS firm looking to expand operations overseas
- Factors to consider for helping them in expansion
- Which country you would recommend based on the considered factors

Interviewee Notes

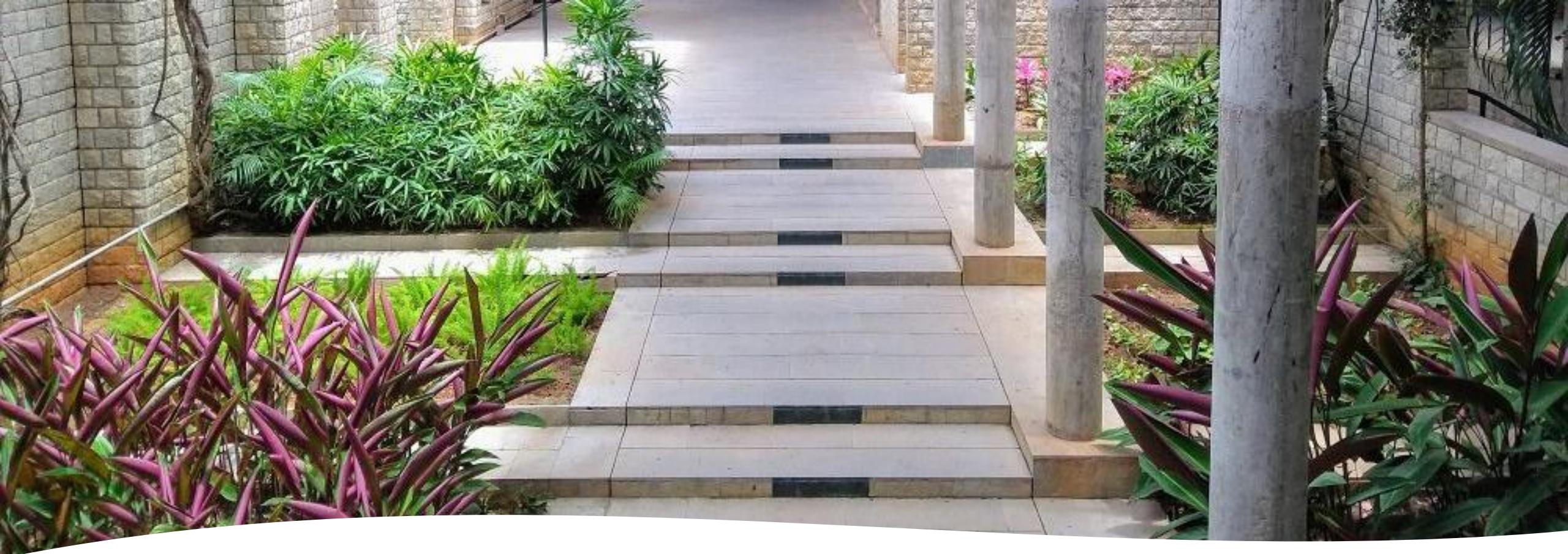
- US Based
- Reason for expansion- Growth, no target
- Provide hardware and software services
- Serving high end clientele
- Generic services
- NPV Analysis to decide final viability

Structure/ Framework



Key Takeaways

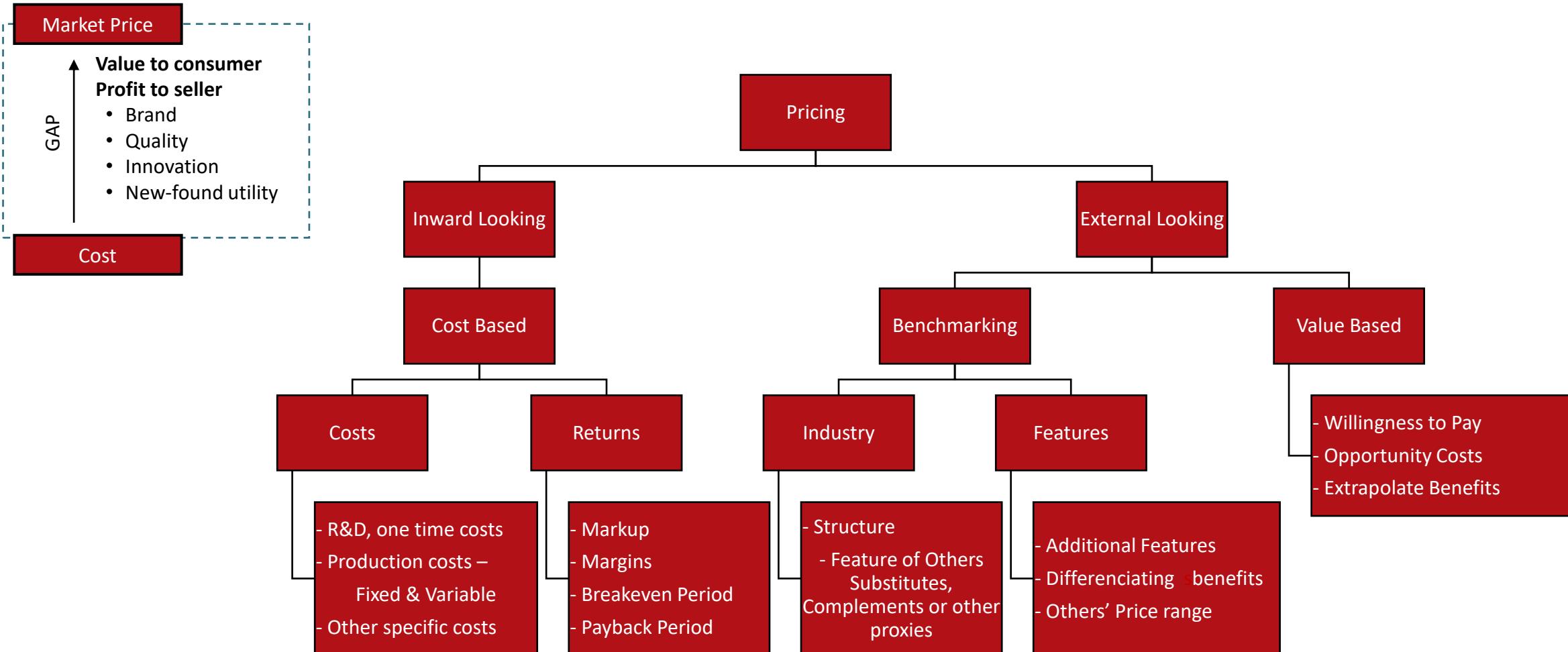
- Explain your approach in the Market entry cases and get a buy-in from interviewer
- Don't forget to take external factors while considering market entry
- Give final recommendation and back up with the reasons



IIMB Pricing Cases

2022-23

Pricing Framework





Your client is an airline company. It has bought 2 new airplanes that would cover the distance between New Delhi to New York and back. Form a pricing strategy for it.

What is existing capability of the airline company – was there an earlier flight available from ND to NY?

No, first time.

What is the difference in the engine?

It is of the latest technology and is very fast.

What is the amount of time required (flight time) for the flight from ND to NY?

Normally, 24 hours are required but these planes would cover the distance in only 1 hour.

To price them, we can use three methodologies. First, cost based for which I would need financial data, depreciation, etc.

Choose another method.

Second, would be by evaluating if there are any alternate ways?

No, there is no other way to cover the route in an hour.

Okay, the third method would be value-based (value-use pricing).

What all values would you consider?

I would consider time saving, service in terms of food & drinks, comfort, behaviour of the staff, etc.

Focus on the time saving factor.

Okay, so for the amount that you save in terms of time = time you save * value per hour = $(24-1)$ hrs. = 23 hrs. What would be the value per hour?

To find value per time, do customer segmentation.

Since this is a high value price ticket, I would consider only special people such as business class, higher end corporates, government officials and celebrities

Okay, you have done segmentation. We are a consulting firm take an example that our MD wants to go to NY. Do the pricing.

Could you tell me one day's salary of a MD

For one day, his salary is INR 2 Lakh.

What is the total cost of the flight (one way) per seat?

The cost of each seat for a one-way flight (both fixed and variable cost included) is INR 35000

Okay, so the price of each seat should be INR Two Lakh and Thirty-Five Thousand

This is not the right approach. You are missing a big part. Should you consider the salary as the saving or something else?

What is the amount he would be saving for the company if he goes there?

He is solving an issue for the company and if he goes there the company gets INR 3 Lakh. What is the upper and lower limit of the price that you would quote?

2 Lakh would be the lower limit and 3,35,000 would be the upper limit (willingness to pay)

What would be the price? Closer to 2 Lakh or closer to WTP?

Since this is starting new, the price per seat should be closer to 2 Lakh rupees.

Okay, thank you.

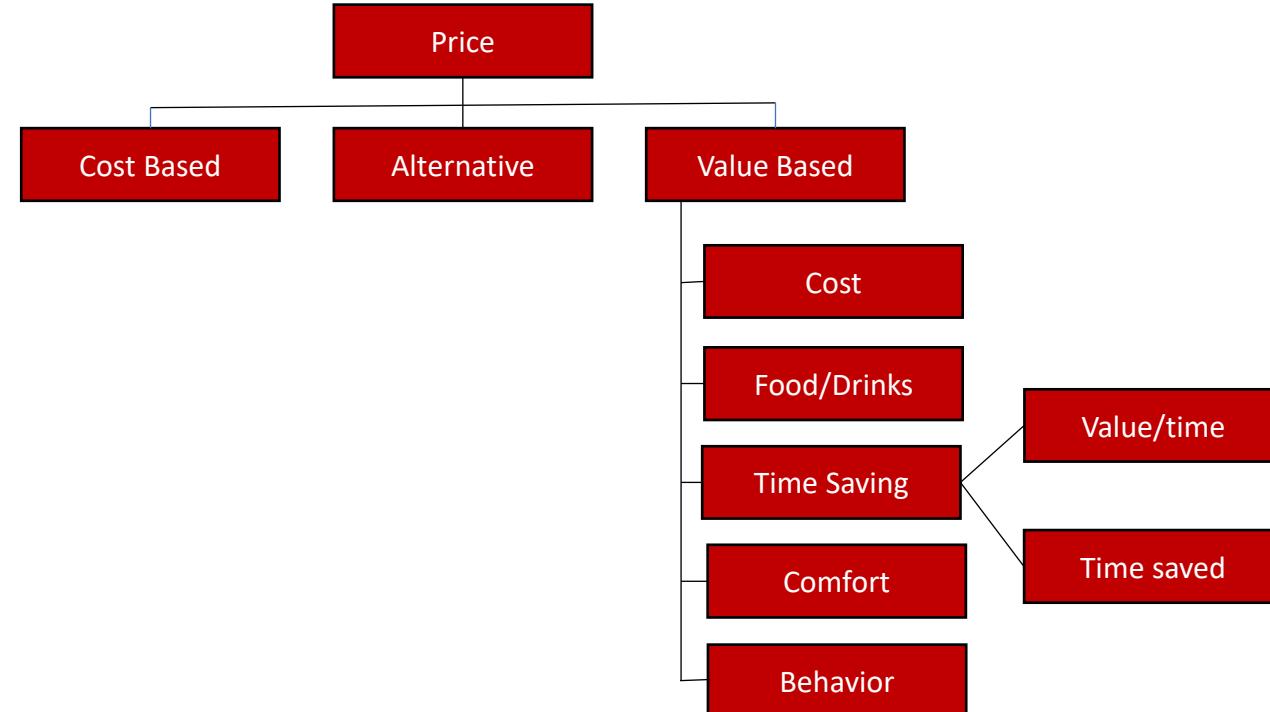
Case Statement

- Client is an airline company. It has bought 2 new airplanes that would cover the distance between New Delhi to New York and back.
- Form a pricing strategy for it.

Interviewee Notes

- Airplane company
- Has bought 2 new planes
- Cover the same distance in 1 hour which is covered in 24 hours normally
- To find value per time, do customer segmentation.

Structure/ Framework



Key Takeaways

- Ensure whether there is an existing capability
- Check about the value the new product/service offers
- Follow the cost, competition & value-based pricing framework



Your client is an infrastructure company which has just built a new road. You need to help them find the right amount of toll to charge for each vehicle which uses the road.

That sounds interesting. I would like to know a bit more about the road which the company has built. Where is it located? Is it an alternative route or it the repaired version of an older route?

You can assume that the road connects two Indian cities, which were previously only connected by a single bridge. The road is an alternative to the old bridge.

I have a couple of questions about the differences between the two routes for potential users before I begin my analysis. Does the new road reduce the travel time between the two cities? Is the build quality of the two roads different?

Yes, the new road reduces travel time by 30 minutes, even though it is a longer distance to travel. The build quality is the same as the old road.

Alright, great. There are three possible ways to choose a toll to charge. The first is by choosing a time period in which we want to earn back our initial investment. For this, we will divide our costs by the projected demand in the given time period to get the minimum required toll price. The second method is to look at the toll prices charged by other builders. We can record the prices at toll plazas connecting the same cities to other places, and then given our advantages/disadvantages over them, add a premium or a discount. The third method is to look at the value which we provide to our customers and charge an equivalent amount.

Okay, that sounds comprehensive. I am interested in the the third method. How would you price the value which we provide to our customers?

We can provide for value for travellers on three parameters: distance, time, and convenience. We are at a disadvantage in the first parameter. We can use the extra fuel charge as a proxy.

Sounds fair. How will you value the time savings?

So, we know that the time savings are 30 minutes. Different segments of consumers value their time differently. For example, lower income classes are perhaps not that affected by time savings when compared to upper income classes. We should consider implementing a price discrimination mechanism, such as charging different tolls to different vehicle categories after doing surveys.

Okay, can you arrive at the rupee amount any consumer ascribes to their time without doing surveys?

Well, there are a couple of creative ways. We could look at the amount customers are willing to pay to skip queues for services which allow skipping them for a premium. Apart from this, we can look at the extra charge that customers play on delivery apps to get a guaranteed delivery time.

Okay, those are definitely some interesting options. It was nice interacting with you. Let's close the case here.



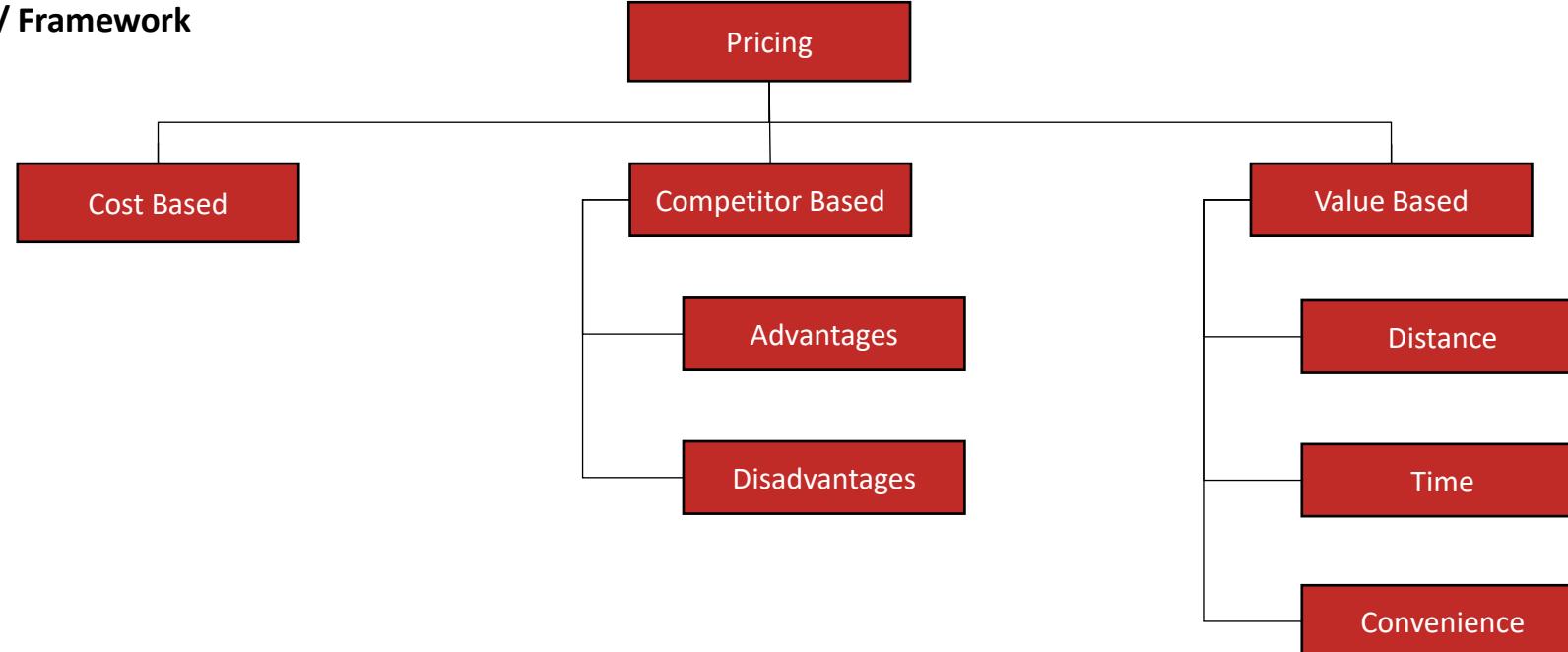
Case Statement

- An infrastructure company is trying to set a toll charge for its new road, which has a time saving of 30 minutes.
- The road requires travelers to cover a longer distance

Interviewee Notes

- The interviewer mentioned that he was looking for creativity.
- It was also explained that there would be no numbers in the round

Structure/ Framework



Key Takeaways

- The case was supposed to be done without a pen and paper. The interviewer had mentioned that he was looking for a conversation. Thus, it was important to be quick on my feet and not ask for a couple of minutes to think



Your client is a pharmaceutical company that sells both OTC and prescription-based drugs. They have developed an innovative product which enables people to sleep for just 4 hours compared to the usual 8 hours. You are required to provide suggestions on how to price it.

I would like to ask a few preliminary questions before getting into the case to know more about our client. What is the objective for rolling out this product and what are the products that our client currently sells.

The client is topline-focused and wants to increase their revenue from the sale of the drug. The client sells a wide range of drugs. You can consider this to be an independent product.

Thank you. I would also like to know more about this product. What is the frequency of consumption of the drug, and for how much duration should it be taken? Are there any side-effects associated with the drug?

It is a long-term pill, and 1 pill needs to be taken every day. There are no-side effects.

Alright. And what geographies does the client currently operate in? Where are we intending to launch this product?

The client is an Indian company which has operations all over the globe. However, we can consider that the rollout will take place pan-India initially, and exports can be considered later.

Okay. Are we the first company to develop this kind of product? Do we have any competitors? And are there any regulations which could affect the sale of this drug in India?

We are the first ones to develop this product. We do not have any competitors. We can ignore the regulations for now and focus on pricing.

Thank you for the information. Can I take a minute to organize my thoughts?

Sure.

So, we can consider three types of pricing for the drug:

Cost-based pricing: This would be the minimum price that the client must charge the client based on the costs incurred for developing the pill and the expected margin.

Competitor –based pricing: Since we do not have any competitor, this type of pricing would not be relevant in this case. We can just look at value-based pricing.

Value based pricing: This is the maximum price that the customer would be willing to pay based on the value that our product offers to them.

Do you want me to look at any of them specifically, or should I proceed with cost-based pricing?

You can proceed with cost-based pricing first.

Alright. Can you tell me how much it costs our client to make the product? And what is the margin that they are expecting on the product.

The cost of producing one pill is INR 10. the client is expecting a margin of 10%.

Okay. So we can consider $10 * 1.1 = \text{INR } 11$ as our base price. For the value-based pricing, we would need to determine the value created by our product. This would depend on the value that the pill is creating by reducing the sleep time by 4 hours. This product could also create value to patients who are unable to sleep for longer durations.

Why don't you start by listing the types of customer who would like to use our product?

The customer base can be divided into two major segments: Working professionals seeking time value for the 4 hours saved, and patients seeking reduced sleep due to health reasons. For working professionals, the value would be created in the form of extra income that they could earn in the saved time. For patients, the value could be estimated by the savings in medical expenses. Do we have any information regarding these factors?

Sure. Let's assume the following:

-10% of the working population would use this pill. This population earns INR 5000/hour.

-20% of the total population consists of patients who would like to use this pill. They will save INR 12000 per month in medical expenses as a result of using this pill.

Okay. Since 1 pill is required every day, the value derived per pill would be:

- Working professionals: INR 20000 per pill (INR 5000 * 4 hours)
- Patients: INR 400 per pill (INR12000 / 30 days per month)



Right. So which segment would you choose amongst these?

To decide that I would calculate the revenue earned per day from each segment. Assume the total population to be 1.3 billion and the percentage of working population as 60%. For this case, I am assuming that working professionals would be willing to pay anything below INR 20000 since that is the additional income that they get. Can I proceed with this approach?

Sure. Go ahead.

Okay. So, the value to working professionals would be $20000 * 0.6 * 0.1 * 1.3 = \text{INR } 1560$ billion. For patients, the value would be $400 * 0.2 * 1.3 = \text{INR } 104$ billion.

Hence, I would choose to target the working professionals and drop the patients segment as I would be able to maximize the revenue in that case.

Great. We can end the case here.

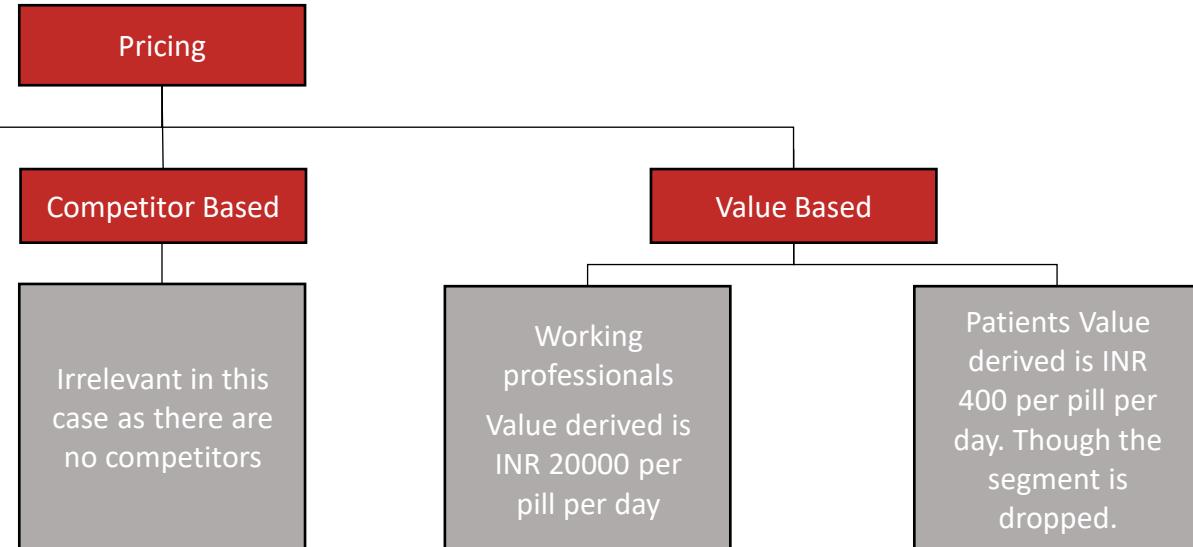
Case Statement

- Client has developed a new drug which helps in reducing sleep
- Pricing of the drug needs to be decided
- Objective is to maximize revenue and have at least 10% margin on the costs

Interviewee Notes

- Drug does not have any competitors
- It needs to be consumed once per day and has no side-effects.
- Drug costs INR 10 and 10% margin is expected
- Two major segments can be targeted: Working professionals, and patients with health concerns
- Patients segment should be dropped, and focus should be on maximizing revenue through working professionals

Structure/ Framework



Key Takeaways

- The interviewer appreciated the approach to quantify the benefits associated with the usage of the drug
- Not all customer segments need to be considered while pricing. Some segments can be dropped to maximize the benefits.



Good Morning Candidate, how are you doing today?

Good Morning Sir, I am doing good.

I see you have a strong technical profile, but I need to see whether you have good business judgement as well, so that I am comfortable sending you to clients right from day 1. You have been taught Corporate Finance, right? So tell me, how would you evaluate a company?

Sir, we can look at the EBITDA value of a company & multiply it to the EV/EBITDA ratio of the industry.

How you would you decide whether to invest in a firm or not?

I would look at profits & growth and see the PE ratio

You could also look at NPV. Moving on, lets do a case. But, it'll be more like a conversation.

Okay, I am ready.

So, a friend of mine has an opportunity to invest in a coal mine in China. What would you tell him?

I would first like to know what are the objectives to buy this coal mine?

Just wealth creation. We would like to maximize wealth. There are no other objectives.

So, what is the price which is being asked for the coal mine?

We need to give them a price. What should be the price we offer them?

So, we can value the project by calculating the returns we get from the project by discounting the cash flows we receive from the project. In order to do that we need to calculate the revenues we are able to earn from the mine each year. So, could you tell me whether the mine is operational, else we will need to approach the problem differently.

The mine is operational already. We don't need to worry about the operational aspects.

We can calculate the revenue of coal in a year as the volume of coal mined in a year multiplied by the price. Do we have any data about how much coal we produce annually?

We produce 600 tonnes of coal per year. How would you figure out the price per tonne?

The price of coal depends on a number of factors which affect its quality like moisture content, carbon content & so on. First, we need to figure out the quality of our coal. Then for a specific quality of coal, we can set prices similar to our competitors. Also, there is publicly available data which indicates at what price a specific quality of coal sells at. We can set our price in that way.

Public data is not always available. Assume the price to 7000 Rs. per ton. Can you calculate the returns? What are your observations?

The returns seem less for a coal mine. As far as I know, a lot more volume is generally produced. Is there any reason why we are producing just 600 tonnes?

It is because the technology is very old & inefficient. Also, in the NPV calculation, it seems you have considered infinite time of operation. Is that correct?

Sorry, I forgot to consider the fact that the coal reserves may get exhausted. So, to calculate the number of years the operations can continue, we need to divide the total tonnes of coal by our annual production.

We know that the mine is 300m x 180m x 20m in dimensions & you can assume the density of coal to be 700kg per cubic metre.

The total amount of coal comes out to be 756,000 tonnes. So, it should last well over 1000 years at current levels of production.

Suppose we increase our current levels of production to 4 times by investing in new machinery, how will the NPV change?

The increase in annual production volumes by 4 times will lead to 4 times revenue each year. But, our operations will last for one fourth the previous timespan, which is still over 250 years.

You forgot to include the machinery cost in the formula. But, the rest is correct. That'll be all.

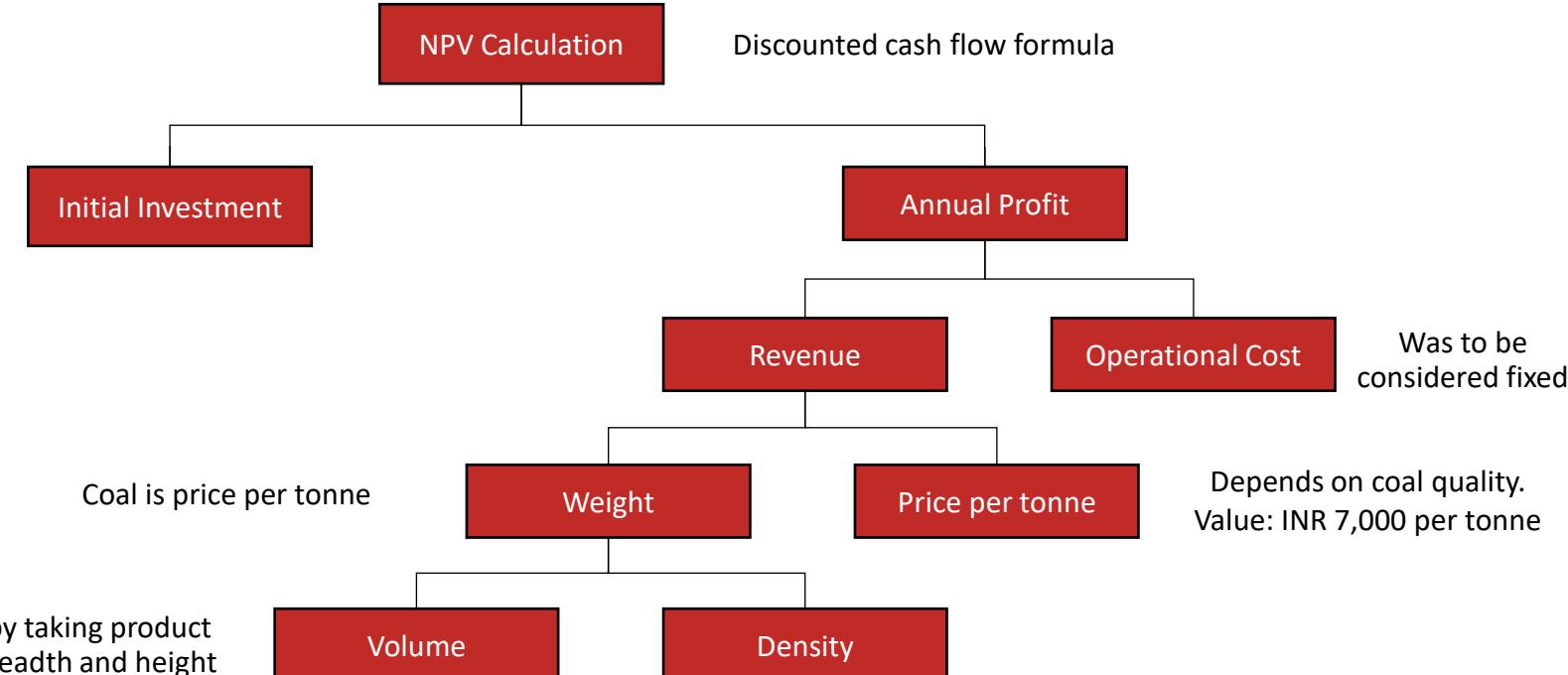
- Determination of pricing for a coal mine in China

Case Statement

Interviewee Notes

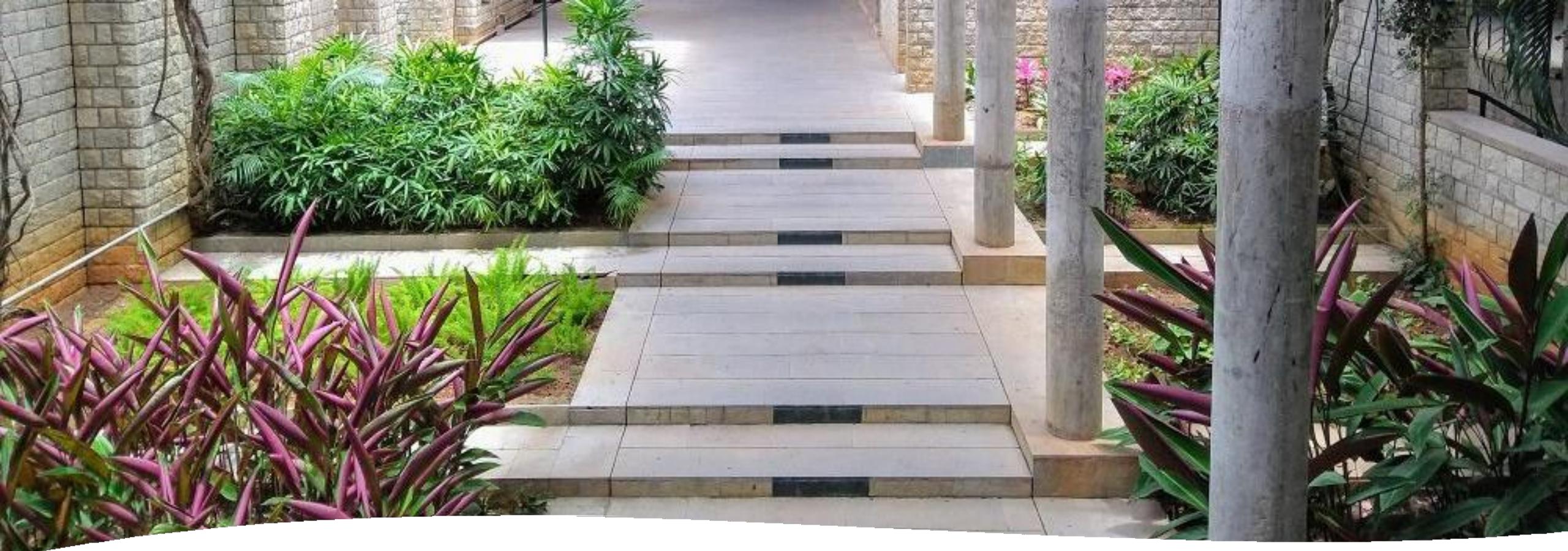
- Interviewer knew about the candidate profile beforehand
- Different type of pricing question
- Being fast and accurate with basic mental math acts as a brownie point

Structure/ Framework



Key Takeaways

- Interviewer was testing technical soundness, it's important to take a moment to pause and think when overwhelmed with such cases.



IIMB Growth Strategy

Cases

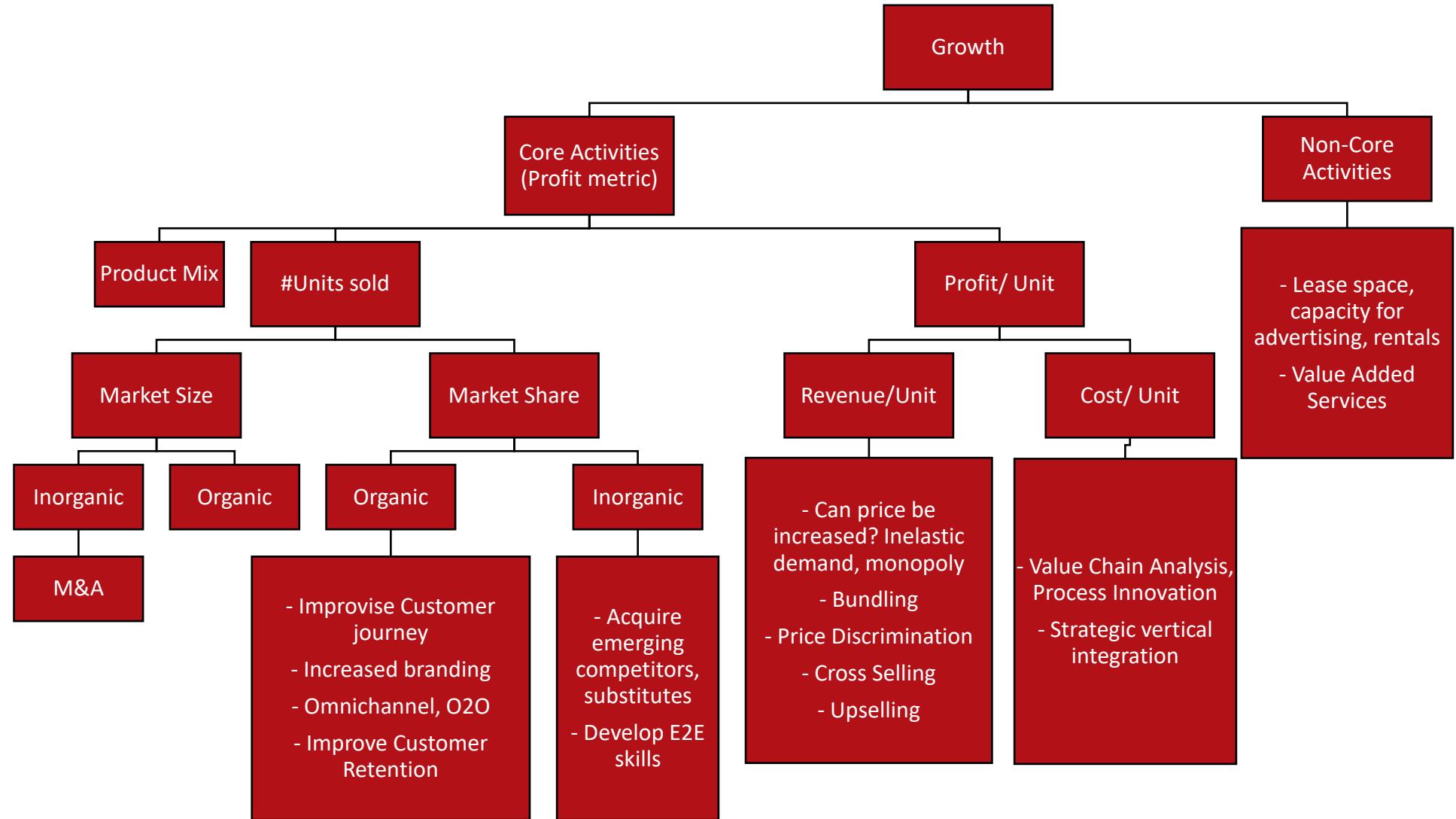
2022-23

Growth Strategy Framework

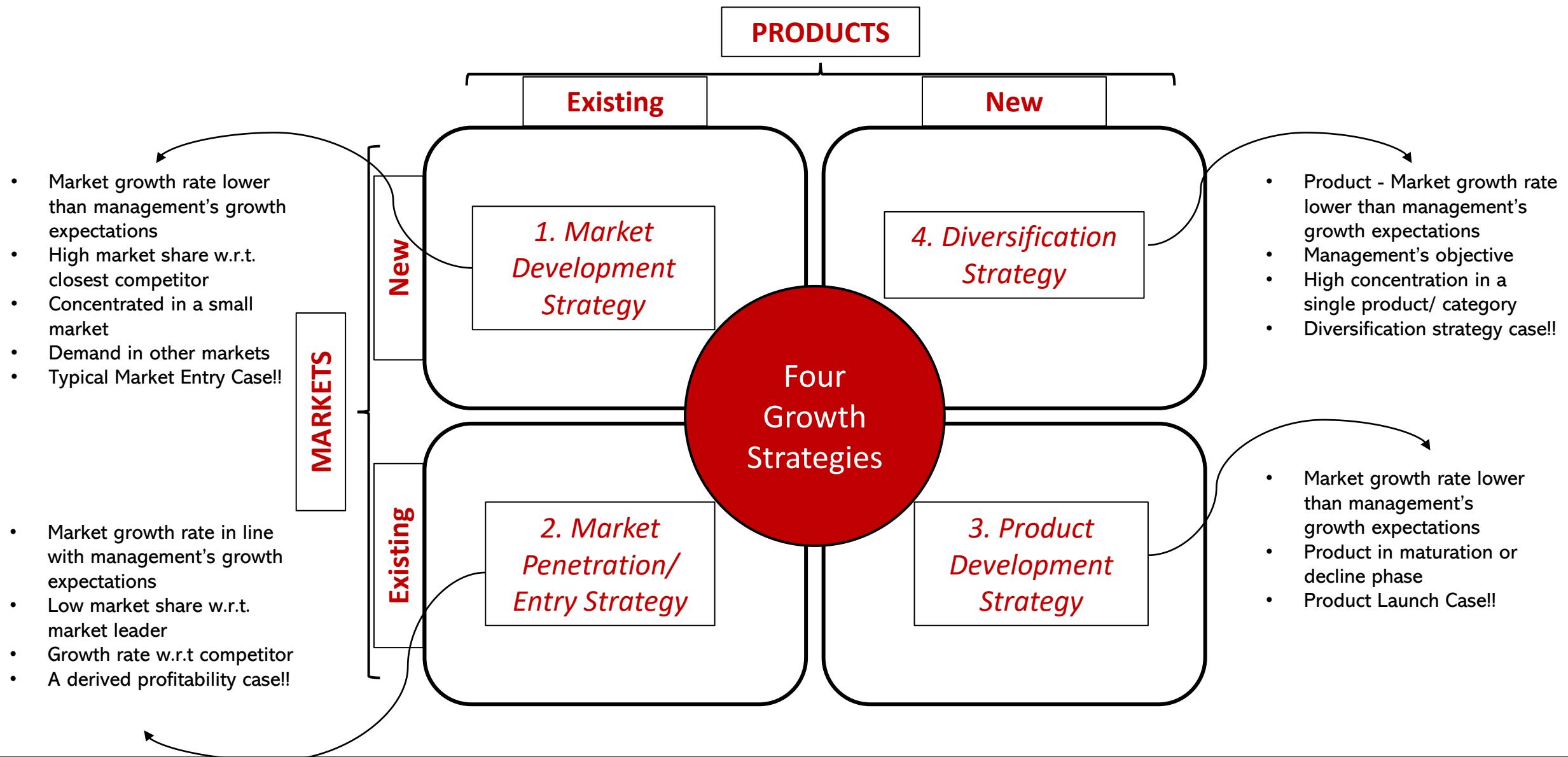


Preliminary Questions

- Clarify objective and quantum of growth, timeline
- Business Model – Where does the firm lie in the value chain? What are its revenue streams and distribution channels?
- Understand customer segments
- What is the product mix? Any differentiating/ new features in products?
- What is the competitive landscape?



Growth Strategy Framework (contd.)





Your client is a social media application. Something along the lines of TikTok. They became popular in the period after TikTok got banned in India. They have been around for a year. Now they want to focus on making revenue and have approached you to devise a strategy for the same.

Okay this seems really interesting, but before I dive deeper into what we can do, could you tell me a little bit more about the client? Who are the targeted audience for our client? Could you tell me details such as demographics, location, age, gender etc.,?

Sure, that's a great question. Most of our audience are based in Tier 2 cities. The average age is around 13-17 years. Interestingly, most of them are males. After the tiktok issue, a lot of new apps came in, and we entered later and hence are catering to the leftover audience.

Oh, that's very nice. So that gives us a nice niche that may be untapped by our competitors. Can you tell me a little bit more about our technological capability? Are we known for anything special, like how Snapchat was focused on messages that disappear?

Okay, glad that you thought of that. We are partnered with Snapchat and are technologically superior to our competitors. We have a great UI and our app is much less buggy compared to others

Okay, I think I have a fair idea about our client. Let me now look at our possible sources of revenue. I would like to broadly classify our sources as those that come from our audience and those that come from others who are interested in our audience.

That's a great approach, go ahead.

Let me first look at our audience. Since you mentioned our technological superiority, we can focus on a freemium model.

I like the track you're on, but I'm not sure how many people in this age group could pay for it. So let's focus on your second category

Sure, that makes sense. I see this domain as one with a lot of potential. A few things that we can focus on in this area include revenue from our advertisers, use the audience for a product research by having surveys and posts, similar to surveys that show up on youtube ads.

That's great! They're both 2 sure-shot revenue modes. In addition, there's also online tipping that a few apps are doing that we can consider as well. But I'm really happy with the way you've approached it so far, and we can wrap up the case here.

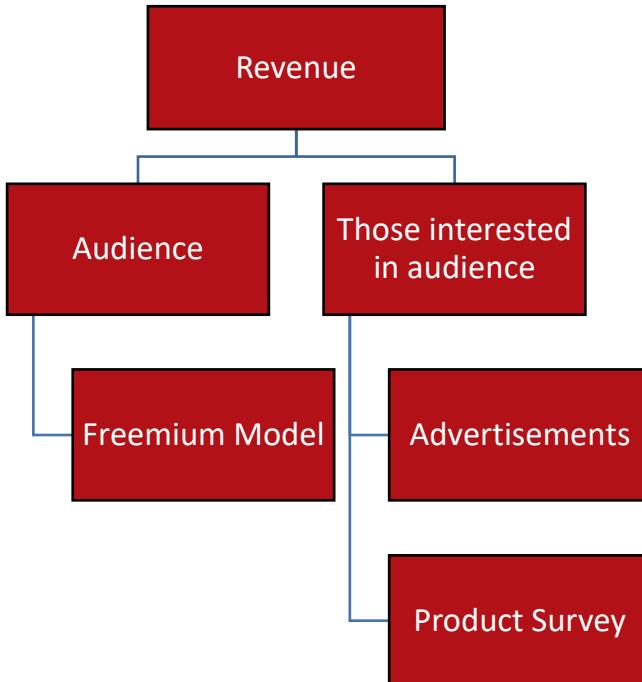
Case Statement

- Your client is a Social Media Application.
- Entered the market post Tiktok ban in the market.
- Need to devise growth strategy to increase revenues.

Interviewee Notes

- Majority audience for tier2 cities
- Average customer age is 13-17 years
- Two revenue streams are from audience and from those who are interested in the audience

Structure/ Framework



Key Takeaways

- Ask short and crisp clarifying question and look out for cues by the interviewer.
- Its important to take the buy-in of the interviewer and explain what you are doing during the analysis.



Your client is a road construction company. Suggest them where to invest excess cash?

Thanks for the question. I would like to ask a few preliminary questions. Where is the geography of operation of client?

The client takes up government projects mostly in and around Maharashtra

By excess cash, I assume that the company is generating more profits. Can I know the reasons for the additional cash generated. Is there any key source of competitive advantage that is causing this higher profits?

Yes. The company is generating higher profits due to the operational efficiencies it has gained through experience over the years.

I would like to start by splitting the possible business opportunities in the following ways. The firm can either do backward or forward integration in the existing value chain, the company can do geographical expansion, it can invest in other similar industries where the company can leverage its core competencies, it can invest in entirely new industry, or it can invest in other alternative investment opportunities like equity markets.

Good. Can you explain more about each of the opportunities more and decide on which one to proceed with and we want to leverage our core competencies.

Sure. In the existing value chain, the company can do backward integration either through acquisition or investments in raw material and equipment providing companies. Since the company is towards the customer end of the value chain, forward integration might be tough for the company. Backward integration will help reduce the company cut costs even further and gain higher profits.

Good. Can you think of some industries where the company can invest to leverage its expertise?

Sure. Since the client is a road construction company, I assume that road construction needs a lot of digging work. Industries like Railways construction, Power plant manufacturing, Mining, Real estate developers etc.

Okay. If you have to choose an industry to invest in. Which one would you choose?

I would suggest to invest in power plant manufacturing. The process of power plant construction requires a lot of digging work and most of the equipment used in road construction can be reused. The client's competencies in road construction can be leveraged and with same equipment being reused, we can also save on the machinery and equipment costs leveraging synergies between both the industries.

But, the client finds Railways more interesting. Can you identify what could be the reasons?

Sure, the reasons for attractiveness would be that railways is currently operated by the government and client's expertise in working on govt. projects. Another reason could be the India-wide presence of the railways network and it allows the client more opportunities to expand its geographical operations. Also, it allows the firm to use its expertise in road construction to complete the projects efficiently generating higher profit margins.

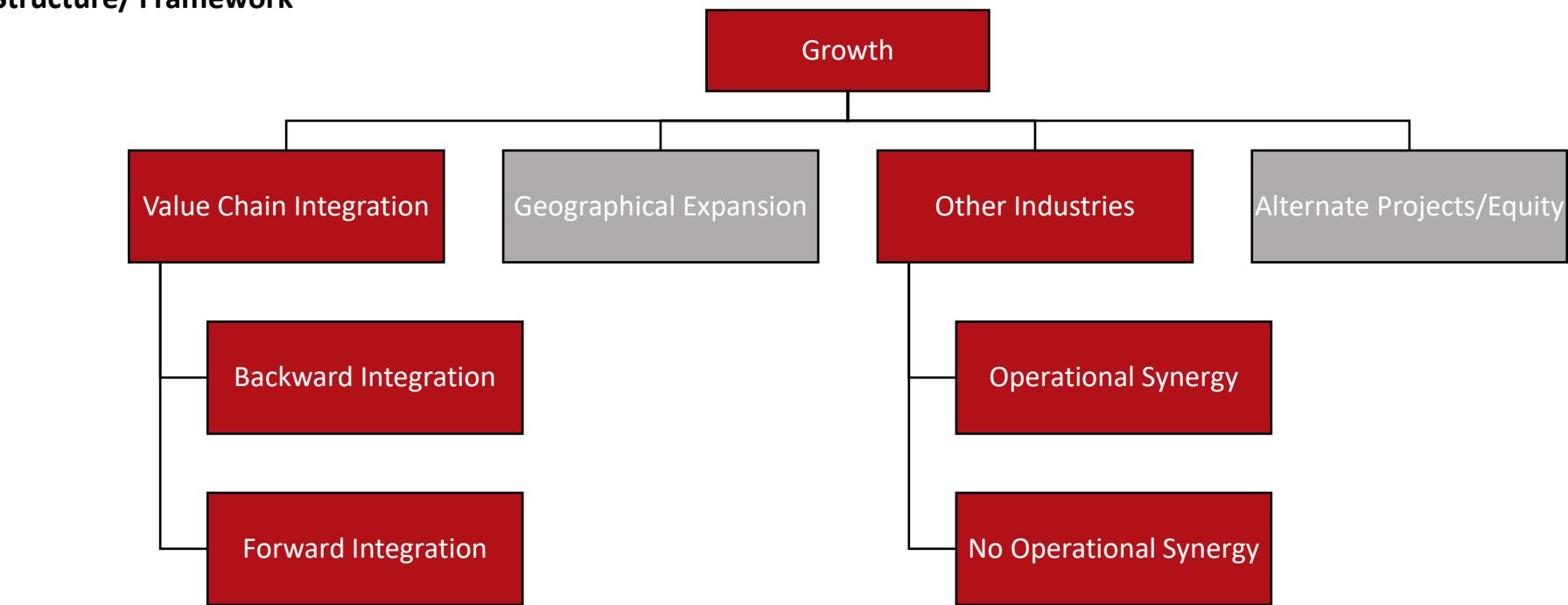
Do you see any problems with investing in Railways?

The problems I foresee is that the nation-wide network of railways might make it difficult for company to operate efficiently and also since most of the railways network is already laid out, it would be repair and maintenance work mostly which might not be so profitable. Privatization of the railways could be another concern.

Thank you. It was nice interacting with you. All the best!

- Client is a road construction company with cash surplus. Find potential investment opportunities for them.

Case Statement

Interviewee Notes	Structure/ Framework
<ul style="list-style-type: none"> Client is a road construction in Maharashtra region Client has cash surplus due to high operational efficiency Client has inclination for Railways 	 <pre> graph TD Growth[Growth] --> VCI[Value Chain Integration] Growth --> GE[Geographical Expansion] Growth --> OI[Other Industries] Growth --> APE[Alternate Projects/Equity] VCI --> BI[Backward Integration] VCI --> FI[Forward Integration] OI --> OS[Operational Synergy] OI --> NOOS[No Operational Synergy] </pre> <p>The diagram illustrates the growth opportunities for a construction company. It starts with a central red box labeled "Growth". Four arrows point from "Growth" to four separate boxes: "Value Chain Integration" (red), "Geographical Expansion" (gray), "Other Industries" (red), and "Alternate Projects/Equity" (gray). From "Value Chain Integration", two arrows lead to "Backward Integration" (red) and "Forward Integration" (red). From "Other Industries", two arrows lead to "Operational Synergy" (red) and "No Operational Synergy" (red).</p>

Key Takeaways

- The interviewer was impressed by the split of growth opportunities and industry value chain
- The interviewer was keen on identifying and understanding key drivers of each business and evaluating trade-offs



Your client is a Medical Device Manufacturer who developed a new product called the “Bear Hugger”. This product is designed to provide patients with warmth & comfort after any critical surgeries. They needs your help in growing this product’s business.

That is an interesting device. So, before we deep dive into the case, I’d just like to know if the client has any specific objective in mind, like increasing revenues within any specified time frame?

Sure, the client is looking at a revenue growth plan for the next one year.

Alright! Next, I would like to know more about our client and the business context. Which parts of the value chain does our client operate in? Does it only manufacture or also distribute the product? Also, do we have any data on which geographical location does our client operate in currently?

Great question! Our client not only manufactures, but also distributes the product to hospitals. It also promotes the product among doctors through medical representative visits and webinars. The company currently operates and sells the product in Bangalore & Chennai only.

Got it. Next, I would like to know a little more about the product itself. Do we have any data on what it does exactly and how is it priced currently? Do we also have any similar products in the market?

So, the product helps the patients heal faster using proprietary temperature control technology. It is currently priced at Rs. 20,000 per patient. And no, we don’t have similar products in the market. However, you can assume a normal blanket as an indirect substitute to our product.

Okay. I think I have most of the information I would need to proceed with solving the case. Just one last question – Are there any financial or operational constraints on our client’s side to consider before exploring the growth options?

No, you can assume that the client has enough capital and resources to help them grow.

Sure. I’d like to go ahead with analyzing the case now. The company can either go for an organic or an inorganic growth method. Do we have any data on whether the company has any preference?

Sure, go ahead.

The target hospitals in Bangalore and Chennai constitute for the current market. The client can either penetrate further in Bangalore and Chennai or look to enter other geographical areas. Within Bangalore and Chennai, it can focus on expanding its distribution network, increase awareness in prescribing doctors through targeted promotions using sales representatives, webinars, conferences, medical journals and colleges. Collaborating with insurance companies to include the product in insurance plans would also help increase the reach.

Great points. You mentioned about expanding its distribution network. Assume that our client sells the product to only 10 hospitals in each of the 2 cities. What can you do to immediately expand your network from 10 hospitals?

Yes, I believe the quickest way would be to collaborate with large hospital chains like Apollo, Fortis, Narayana Health Centre. This would help our client build a bigger network in not just these two cities but also to expand in other geographical areas.

Absolutely! Let's look at expanding into other geographical areas as you mentioned just now. Where do you think our client should focus on expanding next? And why?

I think since the product is focused on patients with critical surgeries, a metro city like Mumbai would make the most sense since it has a large hospital network available that also provides services like critical surgeries for residents in Mumbai and many remote areas in Maharashtra.



Great, so I want you to quickly tell me an estimated number of hospitals that can be targeted in Mumbai within 30 seconds.

Sir, so the estimated number of target hospitals I could reach was about 180. From experience, I know that Mumbai is divided into about 40 smaller towns/cities. Each of these roughly have 4-5 large or multi-specialty hospitals that have ICUs to accommodate patients after critical surgeries.

Good. Tell me, if our client would want to enter any market outside India, which countries should it consider and why? Also, what factors should it consider while assessing these countries.

I believe US could be a great market to enter since it has a well-developed healthcare system in place. The few factors to consider are possibilities to collaborate with insurance companies since healthcare expenses are majorly paid through insurance policies, any government regulations, competitors, pricing caps, export laws, and FDA or regulatory body approvals and patent policies.

That was a comprehensive analysis.

Thank you, sir. Since we've covered the distribution network and geographical aspects of growth, I'd now like to look at the # of patients per hospital. To increase the total customer base, we could plan on targeting any other potential users like senior citizens, people suffering with mental health conditions like depression or anxiety etc.

Great suggestion, however, our client wants to focus only on the current target segment. It was great discussing the case with you; I think we can close the interaction here.

Thank you so much sir, have a great a day!

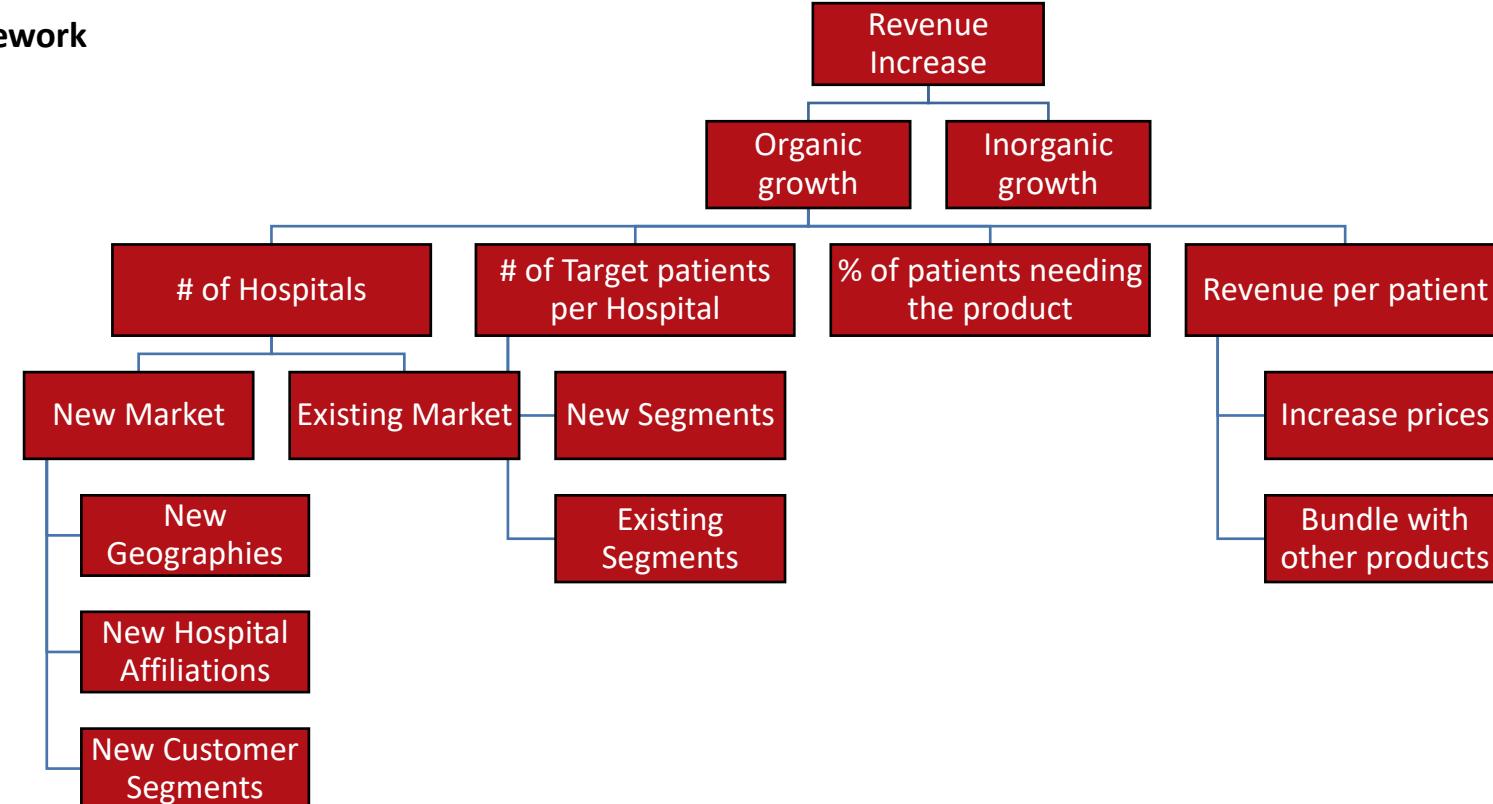
Case Statement

- Medical Device Company wants to devise a growth strategy for new product – “Bear Hugger”
- Operates in India, sells products only in Bangalore and Chennai currently through hospitals.
- Client needs help with increasing revenues in the next one year

Interviewee Notes

- Product uses proprietary technology
- Priced at Rs. 20K / user
- No direct competitors
- No capital or resource constraints
- Only organic growth strategies to be considered
- Distribution network of 10 hospitals each in Bangalore and Chennai

Structure/ Framework



Key Takeaways

- Details about product patents could be asked in the beginning.
- Ask for interview buy-in to your approach at every step. Don't hesitate to give creative solutions or to derive insights from your experience.
- Knowledge of the industry in a global sense helped the interviewee to answer the question regarding overseas expansion.



Case Statement: Your client is a food delivery app looking to increase a metric – Daily Active Users (DAU) for their app.

Thank you for the case. Can I ask some clarifying questions before I begin structuring the case?

You may go ahead.

Could you please explain what DAU means and how it is relevant to the client?

DAU are the individuals who open the application on a particular basis. It is relevant to our client as they look to convert some sales only when the app is opened.

Alright, fair enough. I would like to know a little more about the client. Is it a food delivery app or assists with dine-in or is it something else?

The client currently is a food delivery app.

Could you also help me with the scale of operations and if the client is looking to increase this metric in a particular location?

The client is primarily based out of tier 1 cities. They are looking to increase the DAU in all regions of operation.

I think I have enough information to begin the case. When I look at increasing the DAU, I will begin with the steps of how an app is installed and then how a user begins to use the app. Would that be a fair approach?

Yes, you may proceed with the same.

I will consider 3 major steps to get a user on the app:

1. Downloading the app
2. Signing up on the app
3. Using the app

Have I considered all the segments, or would you like to consider some more?

That's a fair consideration. You may begin with assessing the app users and suggest recommendations.

Since we are looking to increase the time being spent by already existing users, is it safe to assume that users will not order food daily and we need to look at adding more ways to engage users?

This is a fair assumption, and you may suggest recommendations based on the same.

We can consider attracting the user by push or pull mechanism, where pull refers to organically enticing the users to open the app and push is by using notifications to increase the visibility and attract them to open the app.

That's a good break up. Could you please help us increase the organic users?

To attract the organic crowd, I have two sets of recommendations:

1. Attract crowd based on food delivery
2. Attract crowd based on additional services

Do you want me to consider anything more?

This seems to be exhaustive, could you elaborate on each.

To attract crowd based on food delivery we can have some limited time deals which will be available only on first come first serve basis. This will make our users continuously monitor the app and increase the DAU

To attract crowd based on additional services we can create an ecosystem where the app is not just about food delivery:

1. Add cooking tutorials
2. Write blogs about must try places and dishes
3. Add grocery to the app
4. Add door delivery of parcels services to the app

That is pretty much it, Thank You!

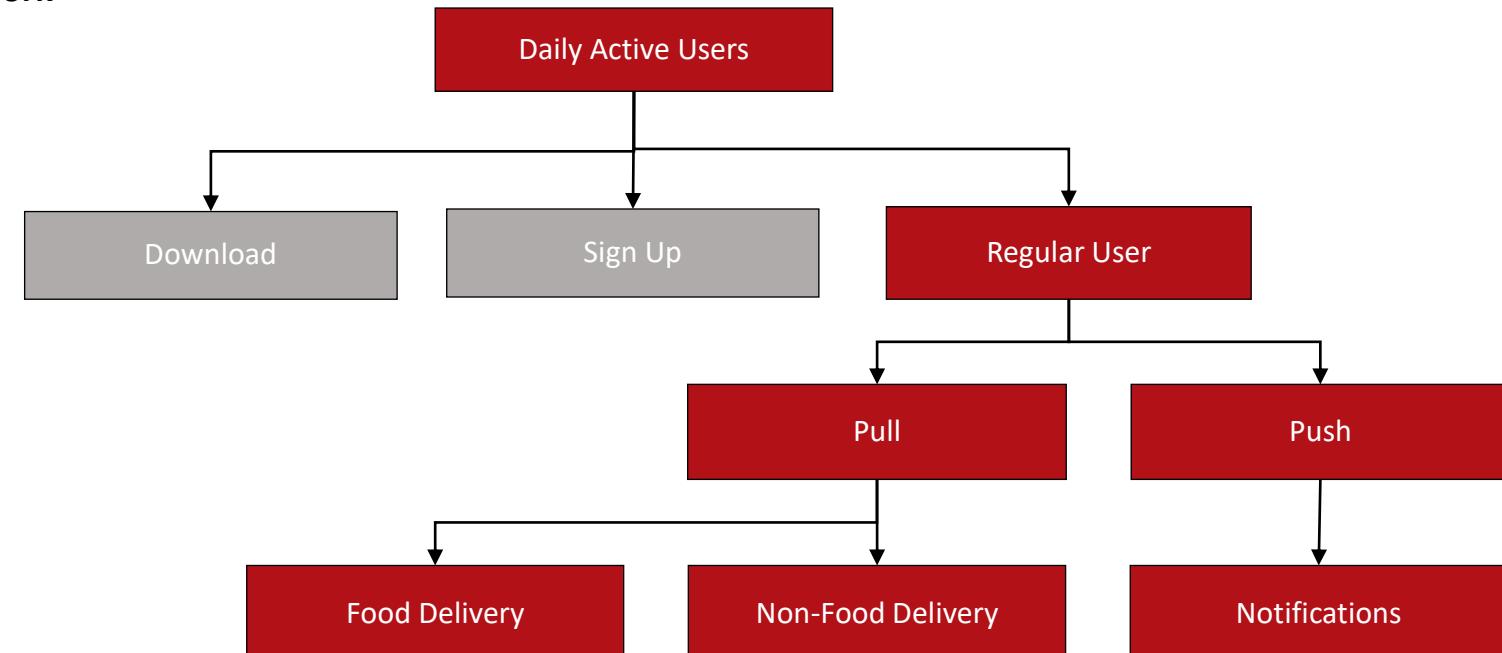
Case Statement

- Client is a food delivery app
- Objective is to increase Daily Active Users on the app

Interviewee Notes

- Operations in tier 1 cities
- Daily Active Users are total number of individuals opening the app per day
- Motive of increasing the DAU is to help increase awareness about the app
- Client currently only deals with food delivery

Structure/ Framework



Key Takeaways

- To increase DAU, consider the steps taken to know about the app and get them as your user.
- Regular users also would not surf the app daily to order food, there is a requirement for more benefits to order more food.



Case Statement: An international packaged foods company operating in India is facing stiff competition from domestic players. Design their future strategy to tackle this issue?

Thank you for the case. Before we deep dive into the case, I'd like to give a structure to the case and ask a few preliminary questions. Can you give me a brief idea about the company?

You can assume it to be one of the biggest food companies. It has been operating in India for a long time and has enjoyed a leadership position in food items like chips, wafers and other snacks. This position has been threatened by some Indian players.

How has the company positioned its products in India? Is it a premium/high quality player or are its prices comparable to local Indian players?

The prices of our client's products are roughly 10-20% higher.

Since we are talking about packaged foods, I am assuming that some of the Indian players are attracting customers because of relatively lower prices with quality not being a significant deterrent to purchase. Does this assumption sound reasonable?

Fair enough, go ahead.

Is there a significant difference between our client's products and the products of these new competitors?

Yes, our client entered the Indian market with products that have been successful in other countries, with slight tweaks to cater to India. But the essential form has remained the same. The Indian players, however, have introduced more ethnic products.

Has our client's position been threatened by competitors in the domain of chips/wafers?

No, but the overall volumes have declined because of substitution with other snacks.

(Took a minute to organize before responding) With the key issue being declining volumes, the client has to look at ways to target customer segments other than premium product buyers. It has to prevent customer shift to other foods. Would you want me to go a level deep into this?

Sounds good. What would be your recommendations to the client?

I think our client should focus on a two-pronged approach for growth. Firstly, the client can look to leverage on its economies of scale to expand to more points of sale and gain an aggregate volumes advantage over smaller Indian players. Secondly, the client can launch another brand with a more Indian line of products that would appeal to the Indian taste. The new brand should be associated with high quality and should maintain the premium position of marginally higher prices than competitors. The rationale behind this is to maintain the premium quality brand and cater to the segment buying Namkeens/Bhujias etc.

Can you think of ways by which the new brand you discussed can come about?

We can probably do a detailed market study to identify flavors/forms that appeal to large customer segments and introduce an assortment of products under a new brand. Alternatively, the client can look at acquisitions of smaller players and build on that leveraging parent company scale/expertise. It can also look at a partnership model if it finds itself constrained for resources.

Sounds great. I think we have discussed the major heads.

Case Statement

- International Packaged Foods company in highly competitive market
- Wants to evaluate growth options against domestic players

Interviewee Notes

- One of the biggest food companies
- Long time leadership is recently threatened by domestic players
- Premium pricing in a competitive market
- Globally standardized products with small local tweaks

Structure/ Framework



Key Takeaways

- The interviewer sometimes expects the case to be solved in a certain way and gives hints to support the interviewee.
- Carefully listening to the interviewer is very important. Sometimes case might not fit neatly into a standard framework



Case Statement: Your client is a glass bottle manufacturer who is seeing a spike in demand for bottles. Suggest steps to proceed.

Understood. This seems like an interesting case. Could I begin by asking a couple of preliminary questions to understand my client and business context better? Thanks. So where is the client based out of and what are the product offerings? In my experience, glass bottle manufacturers have contracts with beverage bottlers, so for which bottlers is there a spike in demand for? Where are the customers located?

The client has a plant in Germany. You are right, the client has contracts with alcohol and juice bottlers in Europe and is seeing a rise in demand for both. For simplicity you can assume just 1 glass bottle product.

Got it. Coming to the case at hand, what is the quantum of the spike in demand? Do we have any utilization numbers for the plant? Is there any indication from the clients on what are the options that they are willing to consider and potential timelines for implementation?

That's a good set of questions. The spike in demand is over 100% and current plant is running at 95% utilization, so there is no scope for process improvement. Client wants you to explore 3 options: 1) Increasing capacity in Germany, 2) Sourcing from India 3) Sourcing from Vietnam. Implementation must be done as soon as possible. The more the delays, the more the money lost.

Thank you for the information. So, to evaluate these 3 options, I would consider the following: First, look at barriers to enter; move on to evaluate economics, then look at operational feasibility and finally consider the capabilities and future prospect of my client. Does this seem like a good approach?

Yes, this seems comprehensive. Can you tell me 6-7 more pointed factors that you would consider?

Sure! I would like to follow this outline:

- a) Within barriers to enter, I would look at internal factors such as financial muscle, and external factors such as government regulations.
- b) I would then break apart economics to look at Fixed and Variable cost heads and evaluate expected costs to set up required capacities, transportation/export costs.
- c) Within operational feasibility, I would evaluate ease of setting up/expanding business, labor laws, tax/export laws, reliability, quality control and service levels.
- d) And finally in capabilities and future prospect, I would want to look at inertia to go global, process challenges, cultural challenges and future market growth potential/business development across regions.

Great! So let me give you some real data: considering all costs such as setup, variable costs, transport, etc. the per unit cost estimations for 3 options are: 1) Germany: \$3/bottle 2) India: \$2.5/bottle 3) Vietnam: \$2.2/bottle. And as per our recommendation, clients have implemented option 2, i.e. sourcing from India. Why do you think so?

That's quite interesting, but not too surprising to know given how India is emerging as a lucrative country to set up operations. Looking at pure costs, manufacturing in India/Vietnam is cheaper, despite additional transportation and export costs. Possible reasons could be due to the labor, utility cost differential and cheaper raw material procurement. Combined with acceptable quality control, this eliminates Germany. Knowing that India was picked over Vietnam despite a 30 cents additional per unit cost could perhaps be due to better and reliable ocean routes to Europe, future growing Asian markets, FDI norms and political stability.

Brilliant, these were precisely some of the reasons why client went ahead with India. We can close the case here.



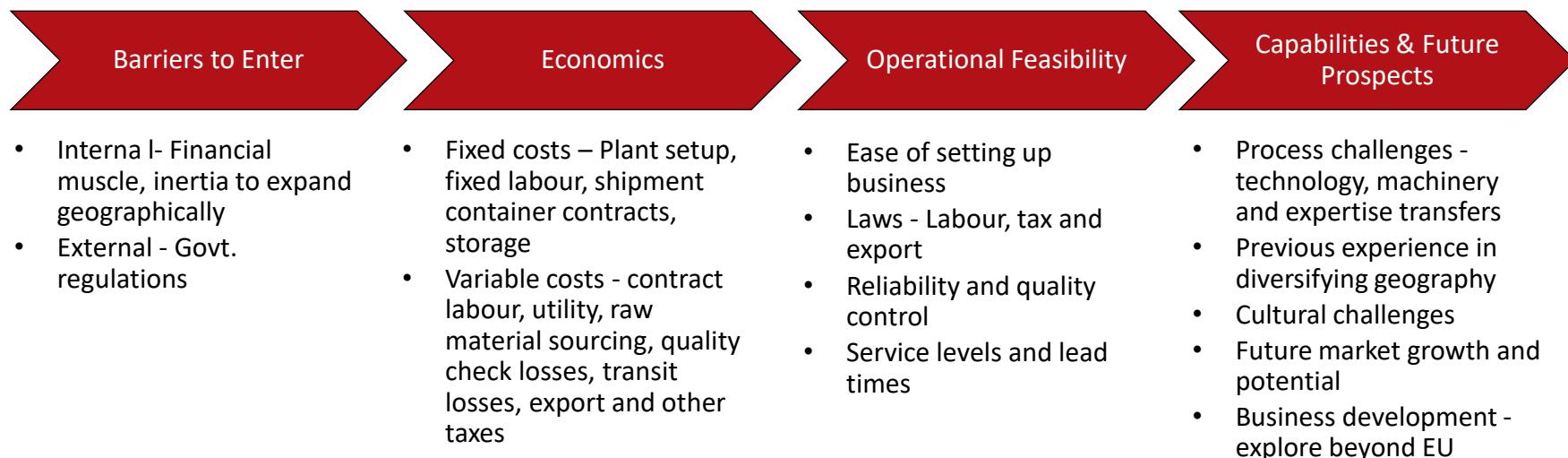
Case Statement

- Glass bottle manufacturer is seeing a spike in demand. Suggest steps.
- Evaluate 3 countries/options for expansion: 1) Germany 2) India 3) Vietnam - [Later discovered through preliminary questions]

Interviewee Notes

- Customers currently in EU market, contract-based demand, 1 product
- No scope for process improvement. Need to evaluate 3 options
- Time sensitive, implement as soon as possible
- Per unit cost for options: Germany - \$3, India - \$2.5, Vietnam -\$2.2; went ahead with India

Structure/ Framework



Key Takeaways

- Creating a framework is crucial. Though the partner asked for factors, structuring it ensures comprehensiveness and can earn some brownie points.
- Reacting to the information and providing real experiences/opinions is the best way to engage interviewer.
- Being comfortable in conversing with numbers is important. Circling back to given information is an easy way to show that all information is accounted.



Your client is a tyre manufacturer based in the United States. The problem they face is they are operating at full production capacity. The CEO is worried that if the demand for their product increases, they will not be able to serve it. The board evaluates three options for expansion – increasing capacity in the US itself, expanding production in Mexico, or assessing a production facility in China. They have hired us as a consultant. What would you advise them?

This is an interesting problem at hand. So, before we deep dive into the case, I would like to ask a few preliminary questions to know more about the client.

Sure, go-ahead.

I would like to know more about the client – what part of the value chain do we operate in, the product lines (different types of tyres) we have, and the competitive landscape.

So, for simplicity, let us assume that we have only one type of tyre that we manufacture. The client is the market leader in the US market, and we have a couple of competitors who have around 15-20% market share each.

Thank you. Also, I would like to know the objective or evaluation metric that the client is looking at – whether it is lower cost, a certain quality of production, or an uninterrupted supply of raw material.

So, if you look at the problem holistically, you will realize that all of these are very important while making a decision. There isn't a single criterion that the client has.

True. Also, are there any demand forecasts that we have in the US markets. How fast is the market growing?

So, we expect moderate growth in demand in the domestic US market.

Sure. Now, I would like to approach the problems looking at four buckets – the first

bucket being financial feasibility, second being operational feasibility, third part would be strategic fit and future plans, and the last would be the mode of entry

Interesting, carry on.

So, for financial feasibility, I would look at the cost-benefit analysis considering the demand projections and the projected cost of production in all the 3 locations -- the US, Mexico, and China. Apart from production costs, I would also consider other transaction costs like freight, logistics, import, and customs duty.

I would also look at the inflation rates and future projections of these costs. Mapping the production units with the demand locations will help us to find out which location (US, China, and Mexico) gives us the lowest cost.

Okay. What next?

The second bucket we have is operational feasibility – where I would like to see the entire value chain. So, I would see whether there is an uninterrupted supply of raw material, adequate labor resources are available, capital is available, the latest technical equipment and machines are available.

Fair enough.

Coming to strategic fit – wherein I will see what the future plan for the company is. From where will the next leg of demand come. Example, is the company intending to expand in Asia – if that is the case, it makes sense to have a factory in China. Also, other qualitative factors like bad economic foreign relations between the US and China are important. And the last bucket is the mode of expansion. Apart from a greenfield factory expansion, I would also explore other options like acquiring local manufacture, a brownfield expansion where a factory is bought, or outsourcing of production, or finally setting up a joint venture.

Good, that was a comprehensive analysis. Say if Mexico is L1, what would you do?



I would not jump into a decision based solely on the lowest costs. I will also see the operational feasibility, the strategic fit, and other qualitative factors. If Mexico ticks all the boxes, I will finally decide on the expansion mode – a greenfield factory or outsourcing of production, an acquisition, or a joint venture.

Good. Can you summarise the case for me now?

Sure, sir. So, our client is a US tyre manufacturer facing a shortage of production capacity and evaluating three options whether to produce in the US, Mexico, and China. We solved this problem by looking at financial factors – costs and other qualitative factors – like strategic fit, operational feasibility, future projections and finally explored the various options available in the form of greenfield factory, outsourcing, or joint venture.

Good job.

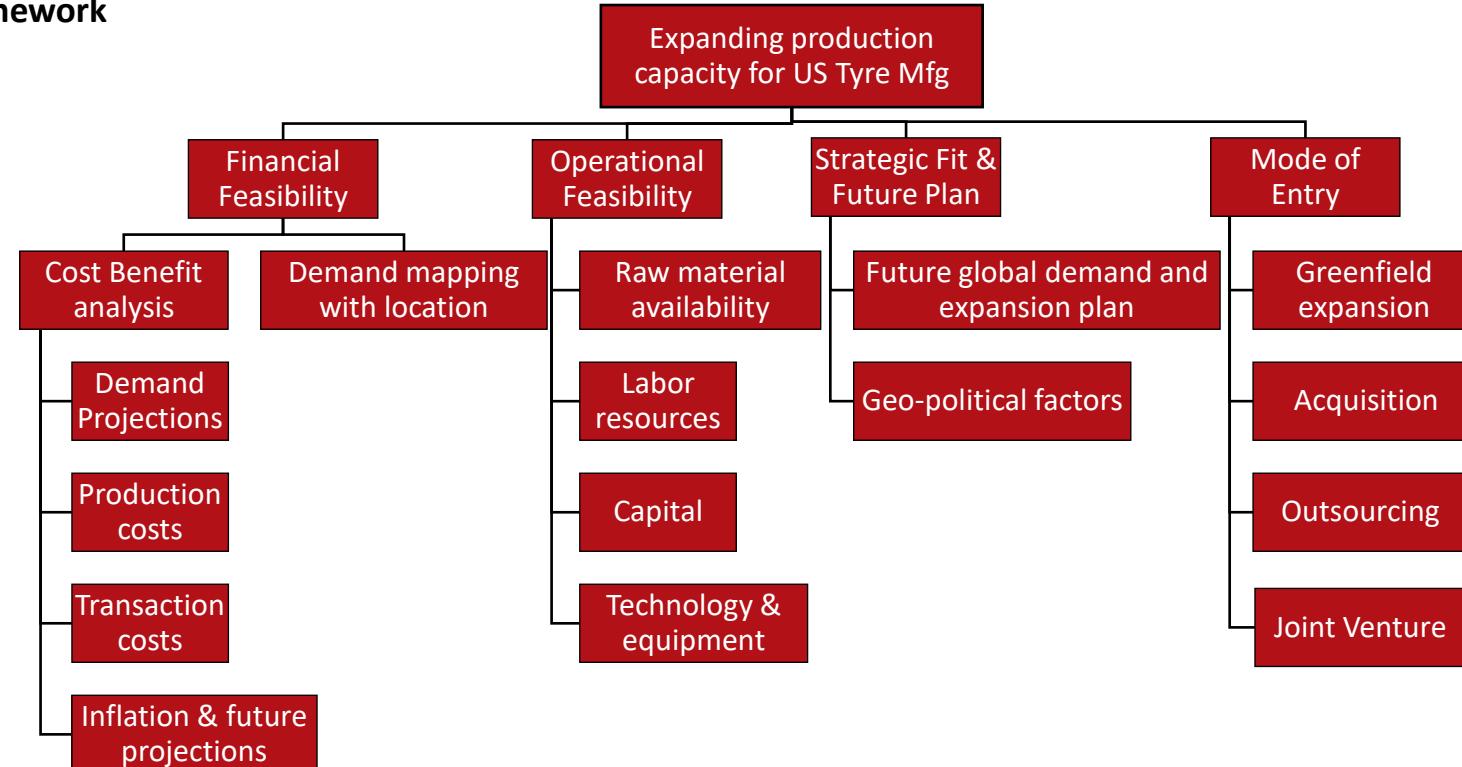
Case Statement

- Leading US Tyre Manufacturer
- Operating at full capacity
- Exploring expansion options

Interviewee Notes

- Only 1 type of tyre
- Market Leader
- Couple of competitors – 15-20% M.S.
- Moderate growth in domestic demand

Structure/ Framework



Key Takeaways

- Case was an open-ended growth strategy case to evaluate the candidates structured approach
- Interviewer gave non-verbal cues in the beginning to guide the candidate – important to take note of this during interviews



Let us solve a case. Your client is a hypermarket chain looking to grow their revenues. How would you advise them?

Thank you for the case. So, our client is a hypermarket chain looking to grow his revenues. Are there any other objectives from this case?

No, you can just assume that the client wants to grow the revenue from a typical store located in a residential area in Delhi.

Sure, I have a few preliminary questions. Do we have a numerical growth target and a time horizon?

The time horizon is 6-12 months. We would like to achieve the best revenue growth possible from the store.

Do we know by what pace the industry is growing and what is our historical growth rate? Do I need to keep any budgetary constraints in mind?

Those would not be relevant.

And finally, can you tell me a bit about our products/services? Whether we deliver or sell online in addition to store sales? Who are our main customers?

Yes, we are like a regular hypermarket store like a Big Bazaar or a Reliance Fresh and sell similar products. Currently, we only have in-store sales, and our customers are mostly residents in the neighbourhood.

Thank you, sir. May I take a Minute to structure my approach before proceeding.

Sure. Take your time.

Thank you for your patience. My approach would be to keep breaking down revenue into its various components and factors and then think from the point of view of a customer of how to influence revenue through influencing those factors.

Does that sound like a good approach to you?

Yes, please proceed.

Thank you. I have broken down revenue into No. of billings and the Average Revenue per bill. I have further broken-down no. of billings into No. of customers and Frequency of Customer visit. I would further break down no. of customers into the size of the local population, since you mentioned that are customers are residents in the neighbourhood, and market share. I would break down the average revenue per bill into the average no. of items purchased and the average price of an item purchased. (Refer to the Flowchart).

That looks comprehensive. Please proceed.

Sure. To improve revenue, I want these factors to improve. Since all these factors depend on customer behaviour, I would like to put myself in the shoes of a customer and analyze.

Great, please proceed.

The customer journey includes Need, Awareness, Affordability, Accessibility, Experience, and After sales. Under Need and Awareness, we would have to undertake marketing initiatives such as advertisements, social media, and word of mouth publicity to draw people to our store. We would also have to make our products/services affordable to capture maximum market share. Under Accessibility, we should look at ways of expanding the "Local Population" that we are catering to by making our store more reachable. We could also explore selling online and home delivery, since we could then expand the geographical reach of the store.

Great; How would you increase frequency /bill amount?

Yes, for that, I will investigate Experience and After Sales since that would make our customers loyal and want to shop more. Under experience, I want to target the 5



senses: Visual, Olfactory, Hearing, Taste, and Feel. By making the store visually pleasing – having good furniture and an easy set of directions to navigate the store and find products, we would achieve growth. By playing soothing music and spraying good room fresheners, we will make the experience pleasant, and this will make the customer visit more frequently and stay and shop longer. Under taste, I would look at the quality of our products in use and try and better the offerings. Under feel, I would look at Air Conditioning, Quality of the Sales Staff, arrangement of the store etc. Under Aftersales, I would look at billing experience, navigating out of the store, and Customer Complaints and Redressal.

That's great. You talked about increasing average price of an item sold. How would you do that?

Sure. Can you give me some information about our product mix? What percentage of our products are our private labels and what are resale?

That's a great question. Currently, 20% of our sales are from our own labels, and the rest is resale.

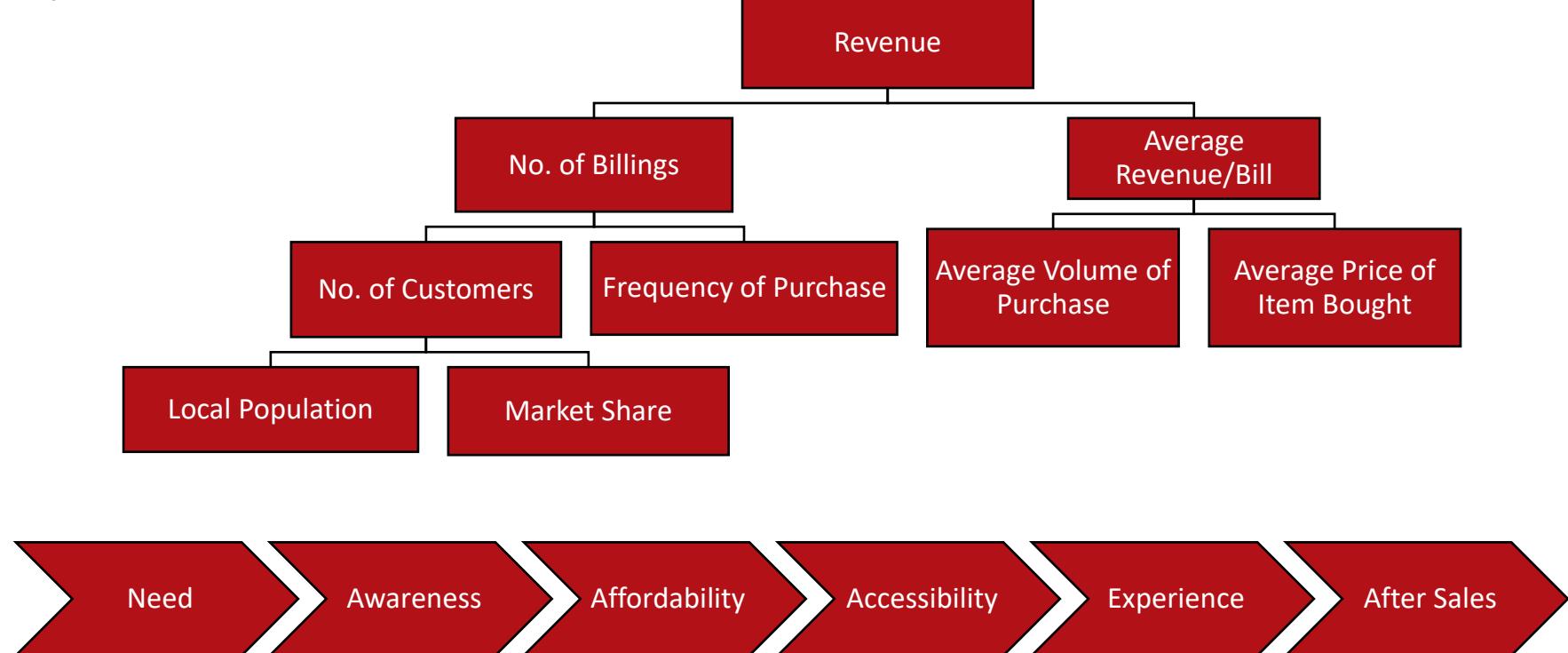
Interesting. I suppose we earn a smaller margin on resale compared to our private labels. We can try increasing the proportion of private labels. we can do this by training our Sales staff to push customers to these labels, shelf these labels at more accessible and visible places in the store, and providing them at attractive prices and best quality.

That's great. We can close the case here. Well done!

Thank you, sir. It was a great pleasure interacting with you

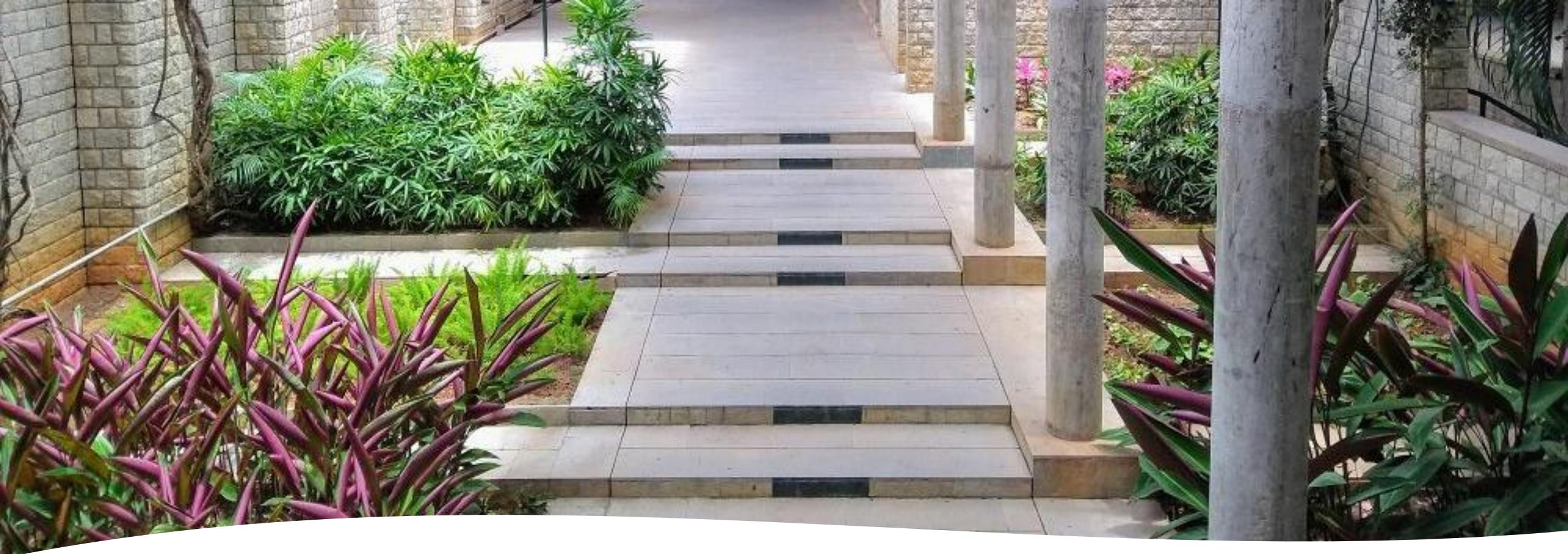
- Client is a Hypermarket chain looking to grow their revenue

Case Statement

Interviewee Notes	Structure/ Framework
<ul style="list-style-type: none"> Regular Hypermart similar to Big Bazaar Explored ways to increase revenue by splitting customer behaviour Client also has private labels 	 <pre> graph TD Revenue[Revenue] --> NoOfBillings[No. of Billings] Revenue --> AverageRevenue[Average Revenue/Bill] NoOfBillings --> NoOfCustomers[No. of Customers] NoOfBillings --> Frequency[Frequency of Purchase] AverageRevenue --> AvgVolume[Average Volume of Purchase] AverageRevenue --> AvgPrice[Average Price of Item Bought] NoOfCustomers --> LocalPopulation[Local Population] NoOfCustomers --> MarketShare[Market Share] </pre> <p>The diagram illustrates the structure of Revenue and its components. Revenue is broken down into 'No. of Billings' and 'Average Revenue/Bill'. 'No. of Billings' is further divided into 'No. of Customers' and 'Frequency of Purchase'. 'Average Revenue/Bill' is divided into 'Average Volume of Purchase' and 'Average Price of Item Bought'. Additionally, 'No. of Customers' is influenced by 'Local Population' and 'Market Share'.</p> <p>Below this, a horizontal sequence of factors is shown as a series of red chevrons pointing right:</p> <ul style="list-style-type: none"> Need Awareness Affordability Accessibility Experience After Sales

Key Takeaways

- The interview mostly open ended and the interviewer was mostly interested in the depth of analysis achieved and did not direct the interview too much
- Each aspect of customer journey was explored at a high level



IIMB Unconventional Cases 2022-23



Newspapers this morning have reported that a scientist has invented a machine that can teleport you from one place to another in a matter of seconds. How and whom would you reach out to make the best use of this machine?

Thank you for the case. Before I proceed with structuring and solving the problem, I would like to ask a few preliminary questions.

Sure, go on.

Thank you. Is this machine the first of its kind?

Yes, and the scientist has the patent to his name.

Which country is the patent registered in?

United States

Is the scientist open to possibilities of monetizing the opportunity or not?

The scientist is open to all possibilities from this invention.

I would approach this in two ways. First would be the opportunity to monetize this invention. And the second one would let the nation where this patent is registered, make the best use of this invention if the laws over there permit it.

Go on with the both the approaches one by one.

Sure. For the first one, I would reach out to the scientist directly and ask him to explore opportunities to use this machine in the travel industry where movement from places like New York to New Delhi which currently takes 14-16 hours minimum would be reduced to a matter of a few minutes in total.

Okay. So, who would be your target audience?

Top-level government officials on govt work that needs to be done quickly, businessmen for whom time is money, consultants who can travel in a few minutes and reach the clients for a meeting. Such customers would also have the money as well as willingness to pay for the ticket as well since they would earn benefits that are proportional to the cost of the ticket.

That makes sense. Who would you collaborate with?

I would work with the Airlines industry primarily since my target audience currently utilizes their services to travel across the globe. Also, they would want to capitalize upon this opportunity before it takes up their market share.

That's a good point. Let's move to your second suggestion.

Sure. The second opportunity would be to collaborate with the government to utilize the invention for defense and intelligence purposes. This way the armed forces can easily reach strategic locations and make some extremely sensitive moves like detonate bombs or release any hostages in a location.

Wow, this sounds really good and would really help the govt. Good job! We will end the interview here. Thank you for your suggestions!

Thank you for your time!



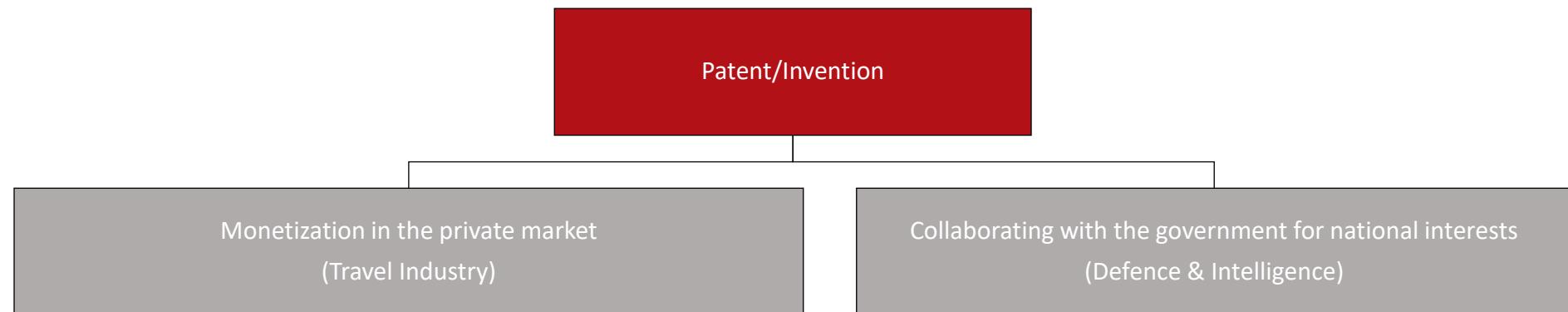
Case Statement

- Invention of a teleportation machine by a scientist
- Recommendations on the best way to leverage this invention

Interviewee Notes

- Importance of patents for monetizing an invention
- Invention can be used both through private channels (monetization) and by collaborating with the government

Structure/ Framework



Key Takeaways

- Structure unconventional problems as much as possible
- The case was about making convincing arguments about all options proposed. Esp. the point regarding airlines industry as a key collaborator were well taken



Your client is a leading confectionary company. They have seen an instant dip in orders just following a major festival day. Help the client figure out the root cause and provide recommendations.

Thank you for the problem statement. I would like to start by asking a few clarifying questions to get a better idea about the client . Should I go ahead?

Yes sure.

Firstly, I would like to know the geography the client operates in, if the problem is pertaining to a particular geography or product type.

The client is a major confectionary with pan India presence. The problem is not exactly related to a geographic region and the dip in order is for their best-selling chocolates which are usually gifted during festival season.

Okay, so the dip is seen across multiple regions of India.

Could you think of the ways in which the company could cater to the needs of consumers?

Yes, but before that can I understand the value chain at play here?

Sure. The company manufactures the chocolates and distributes it via retail stores, supermarkets, and online channels

Oh alright, now that there is a mention of online, if the problem is not pertaining to a particular geography could it be an issue with orders on the online platforms? If so, is it on their own website or platforms like Amazon, Flipkart etc.?

Great. The sales before a major festival were at its peak. However, we have seen an unnatural dip in the order figures after the festival season. And we're seeing this particularly for the company owned website

I would look at the customer journey of anyone visiting the website to get to the root of this problem. Is this approach ok?

Sure, sounds good.

The consumer has a need to buy a chocolate during the festival season for own use or gifting purpose, they would access the website of the company, navigate to the required section, compare prices/discounts, add to cart, choose address, choose payment option and complete payment. Could you tell me if any metric like consumer click rate, conversion rate, traffic of website data is available to further narrow down the cause of the problem.

That is a fair breakdown, we see that the traffic on the website is the same as before. The order converted has fallen unnaturally.

Ok. This is an interesting problem; it means the consumers are on the site but are unable to order. This could be due to website related and non-website related reasons. The non-website related issues include things like mid-way change in consumer preference, which I think is unlikely to cause an unnatural dip in orders. My intuition says it is a website issue.

Good analysis, it indeed was a website related issue. The backend of the website had a problem due to surge in orders beyond the estimated capacity. Let us move on to the recommendations for the same.

Before I move on to the recommendation, was there anything done to rectify this issue? Also has this happened earlier?

We lost sales for that period. Let us assume this has happened the first time. Please come up with appropriate recommendations.

Firstly, this was an event of low probability. Hence, I think the recommendation would be in lines of having a factor of safety accounted for while developing the backend. The other would be to have a backup system which could redirect the orders to a secondary place, most probably the other ecommerce websites if possible. Finally, we could also have a toll-free number which the customers can contact and please orders or a chat bot functionality in place in case of future disruptions.

Good case analysis. Thank you.

My pleasure.



Case Statement

- Dip in orders for a confectionary company
- Do a root-cause analysis and give recommendations

Interviewee Notes

- Understanding that issue is with online channel - specifically the company's website
- Laying down the customer journey for an e-commerce website
- Brownie points for realizing it can't be a non website related issue

Structure/ Framework

Value Chain



- Online
- Offline

Customer Journey



Problem Diagnosis

Low conversion rate

Website

Functioning, Aesthetics, Payment Failure

Non-website

Consumer Preferences, Laws, Negative news

Key Takeaways

- Many companies are into multi-channel distribution
- Check the feasibility of recommendations



Your client is a Home Services Solutions provider. They are facing a declining NPS and they have hired you to diagnose and recommend solutions.

Thank you for the case. Sounds like an interesting one. Before going deeper into the case, I had a few preliminary questions I wanted clarity on. May I proceed ?

Sure. Please go ahead.

I had questions on the client's business – What are the services they offer? What are the geographies they operate in? And for how long have they been facing falling NPS? And do we have any competitors in the space?

We offer cleaning, beauty, appliance repair services etc. We operate across Bangalore and have been facing a fall in NPS for past 6 months. We do not have any competition yet.

Thank you. Do we track NPS at a segment level? If yes, which segment is facing a decline in NPS? And beauty services – Are they offered to both men and women?

We do not have NPS data at segment level, but you can focus on the beauty services for now. We offer both services to both men and women.

Thank you. That's helpful. Falling NPS indicates customer satisfaction is declining. So, I would like to analyze the customer journey to identify pain-points. May I proceed or would you like me to look at a different approach?

That sounds fine. Please proceed.

Thank you. So, the customer journey will start with the customer opening the app, looking for a service, booking a slot, service delivery, payment and after sales support. Do we have any issues with respect to the above points in customer journey? For example, the UI might impact customers' engagement with the app, lack of availability of professionals might hamper the experience as well.

We have not made any changes in the UI and availability is not an issue. You can focus on service delivery issues.

Ok. Sorry, I had one more question – Is there any particular trend in terms of customers whose NPS is declining? Like is it concentrated towards men or women or is it going down across?

Ok. So, we have our geographical coverage within Bangalore split across tier-1 and tier-2 locations. We are seeing a decline in tier-2 locations across male and female customers.

Got it. Thanks. Given we're facing issues in service delivery in tier-2 locations, I think we can look at 3 buckets – People, Process and Technology. In terms of people, are service professionals different in tier-2 locations? Are they qualified? Any differences in the process or technology and equipment employed in tier-2 locations ?

Ok correct. So, we have only recently entered tier-2 locations. And to expand quickly, we have engaged third party professionals on contract for servicing at these locations. They also use their own equipment, which is subpar quality as compared to the client's equipment.

Got it. So a lack of standardization seems to be the issue here. In a bid to expand quickly, we seem to compromised on quality.

Correct. Given you have drilled down to the problem, can you give a few recommendations that our client can consider?

Sure. Just one more question before I get on to the recommendations. How do we select these third party professionals? And do we have any training programs for them when they join?

Selection is through a referral process majorly. We also hire some external agencies that get us staff. We do have a training program but it is quite brief at the moment.



Understood. Do you mind if I take a moment to think about the recommendations?

Please go ahead.

Thank you for the time. So the recommendations can be bucketed into short term and long term recommendations. In the short term, what we can do on the people front is tighten the selection procedure - we can institute trial periods for staff on contract. We should also enhance the length and quality of training. Further, on the technology front, we should standardize the equipment across our services. In the long run, we can probably explore making the workforce completely in-house. To institute these changes, we can further look at the customer value enhancement and the additional costs we incur.

That's what I had in mind. Would you like me to consider anything else ?

No. That would be all. Thank you.



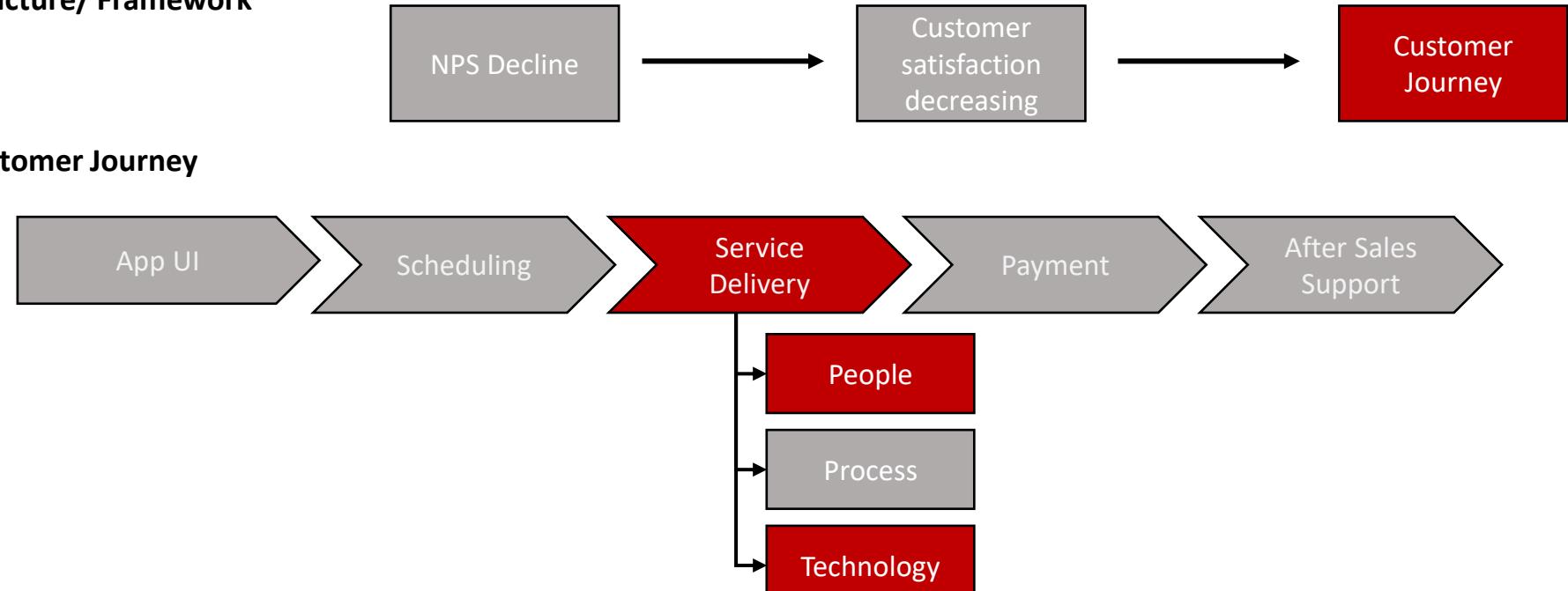
Case Statement

- NPS of Home Services Solutions company has been declining over the last 6 months
- Analyze the possible reasons and recommend solutions to address the problem

Interviewee Notes

- Services – Cleaning, Beauty, Appliance repair
- Geography – Bangalore (2-tiers)
- Focus on beauty segment
- Issue in service delivery in tier-2 locations

Structure/ Framework



Key Takeaways

- Using the customer journey to locate pain-points
- Segmentation of the Bangalore market into tier-1 and tier-2 locations
- Splitting service delivery into people, process and technology to identify clear and mutually exclusive reasons for the problem



Case statement: Your client is a Sri-Lankan private bank and they have hired you to improve their customer service

Sure, before we proceed, I would like to understand what customer service are we referring to here, is it the offline service, call center service etc.?

The client wants you to improve their call center's customer service operations

Thank you, I would also like to know more about the firm. What kind of products do they have and what customers do they cater to? Also is the call center in-house or outsourced?

They have Retail Banking and Corporate Banking. For this case, lets focus on the Retail Banking aspect with general public being the customers. They have an in-house team for customer care operations. What all aspects of the Customer service would you look at?

Call center services include services like grievance redressal and sale of products, should I consider any other services as well?

Yes, you can consider both, give me the major areas and metrics you would be looking at

I would first look at the grievance redressal part and lay down the process the customer undergoes. Firstly, the customer would call up a toll-free number, then one would wait to dial in numbers according to the type of problem he has, language preference etc., depending on which operator is idle call will be directed to the call center operator. If the operator can solve the problem the process ends, else the operator might transfer it to the higher authority or the specific technical expert. Given the outlay of the process, I would look at metrics like average waiting time per call, number of customer grievances successfully addressed.

Would you like me to look at other factors or could I go ahead with suggesting improvements at each stage of the process, and then move to the sale service?

The approach looks good, you may tell me what suggestions you have. Tell me what aspect is most important for a bank running a call center, and its driver?

To improve service, the two main aspects are waiting time and customer satisfaction. We could establish an application which would be easier to lodge complaints, and a chat bot would solve menial complaints and only the serious or unsolvable problems are directed towards call center. We could also have algorithm to make sure that certain kind of grievances are handled by people having expertise in that area so the double transfer of call and waiting can be reduced. We could also engage the already existing employee in training and simulation to improve performance. The main driver for the call center is the cost incurred while running it. It would include the call center premises cost, employee cost, SAG and telecom costs. Would you like me to look at other possible aspects as well?

No, that's fair. I would like you to look at the sale of products services now. What metrics would you use to evaluate performance and do cost-benefit analysis.

Sale of products would include things like Debit/Credit cards and loans. For the metrics to evaluate performance, I would be looking at the total products sold per operator, total successful conversions per call, total revenue generated per call. I would consider the revenue generated per operator and the cost incurred in employing the operator plus fixed/variable cost associated with running call centre to do the cost benefit analysis

I have some data, the average calls per operator is 100/hour and the conversion rate is 2%. Every conversion generates a revenue of Rs.200. The employee salary is Rs.40,000/ month. Do you need any other data to do the Cost Benefit analysis, let's say you do this for an individual operator only.



I would require the number of hours the operator works and the working days in a month as well. Should I also consider other costs associated with premise and general charges?

Yes, lets assume the operator works for 8 hrs a day with a hour break and a hour he is slack and operates at 50% efficiency(attends half the calls). Assume 25 working days. Ignore all other costs. Tell me if the running the call centre for sales is actually beneficially to the bank.

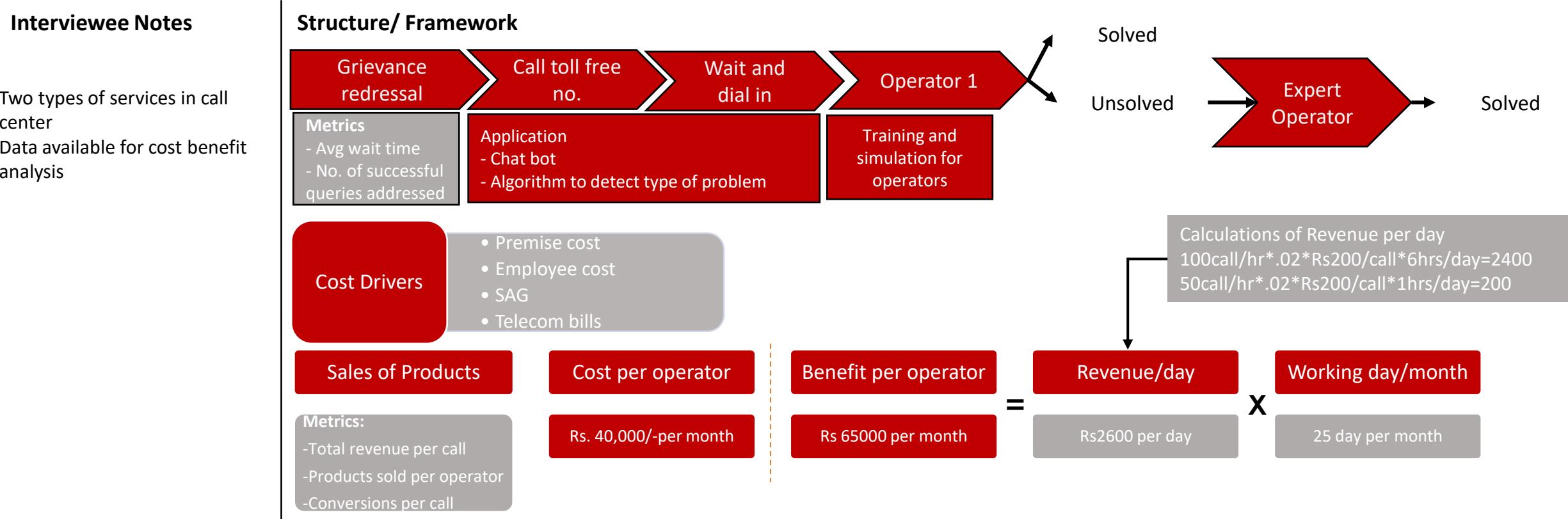
So, he works 7hrs, of which in 6hrs he works at full efficiency and the revenue generated then is $100 \text{ call/hour} * 0.02 * \text{Rs } 200/\text{call} * 6\text{hrs/day} = 2400$ and in 1hr he works at 50 % efficiency he would make $50 \text{ call/hour} * 0.02 * \text{Rs } 200/\text{call} * 1\text{hrs/day} = 200$, Hence Rs.2600/day and that amounts to Rs 65,000 per operator in a month. As employee salary is only Rs.40,000/ month. It is good to run the call center for sales of products. Should I proceed with the recommendations?

No. That would be all. Thank you.



Case Statement

- Your client is a Sri-Lankan private bank and you are required to improve their customer service



Key Takeaways

- Interview was very candidate driven and open ended
- Customer journey approach was a good call for service-oriented cases
- Take buy in wherever necessary, which in this case was disregarded at certain times.

Increasing Dairy Farmers' Income

Unconventional | Moderate | BCG



You have been hired by the Ministry of Animal Husbandry & Dairying to increase dairy farmers' income in India. 70-80% of the farmers have their own cattle, and the average holding is 1.3 cattle.

I would like to understand the problem a bit more. Is the current farmer income not commensurate with their efforts? Or is it a process problem like productivity or investment related?

They have a positive IRR, regular cashflow, and a low risk business. But they are not investing in more cattle to increase their income and you need to figure out why.

In order to understand the reason for low investment, I would like to investigate the demand and supply sides of the business. Can I take a minute to structure my approach?

Yes, sure.

On the demand side, we can look at two problems – either the farmers are not getting the price that they think is enough or they are not able to sell. On the supply side, the problems can be space constraint, non-availability of resources, diseconomies of scale, labour requirement, organization of resources, and financing (loans, etc).

Comprehensively covered. Though supply side is not the major issue. I want you to think more on the demand lines.

Makes sense. So under demand, is the problem on the pricing side? Are the farmers able to sell at a price that covers their cost adequately?

Yes, the Government is already regulating prices so we can safely assume that prices cannot be optimized further.

Moving to the quantity side, do we have any information related to what the current quantities of products sold by an average farmer looks like? Also, is there a split between different product types like raw / processed available?

Good catch. An average farmer's produce goes like this – 30-40% for self consumption / subsistence, 30-40% to local milkman / sweet shop and the rest to formal branded channels. Also, half of the average per capita milk consumption is 'pouched milk' which is growing at 6-8% while the value-added dairy products segment is growing at >20%.

That's interesting. It means that the farmers are producing adequately but they are not able to sell to the channels that can give them the best value. Also, the pricing regulations we talked about earlier must be applicable only to the formal segment – is that correct?

Absolutely. Local agreements are based on demand scenario and supplier relations and often varies a lot across the year. So can you come up with some suggestions on how we can improve the situation?

Right, so we can clearly see that the consumer preferences are shifting and there is a bright scope for growth in the value-added segment owing to increasing demand for branded products. We can look at the following areas to optimize farmer's income:

- We can establish a marketplace that can connect small, marginal farmers to formal buyers that can fetch a better price before the goods perish
- We can work towards developing a robust supply chain that can transport goods with appropriate temperature and other requirements to increase shelf life
- We can set up collaborative bodies for dairy farmers in village areas so that they can collectively bargain with local buyers (milkmen, sweet shops)
- We can provide incentives for setting up more processed goods industries to create demand and thus simulate farmers to sell to them

Great suggestions. We can close the case here. Thank you.

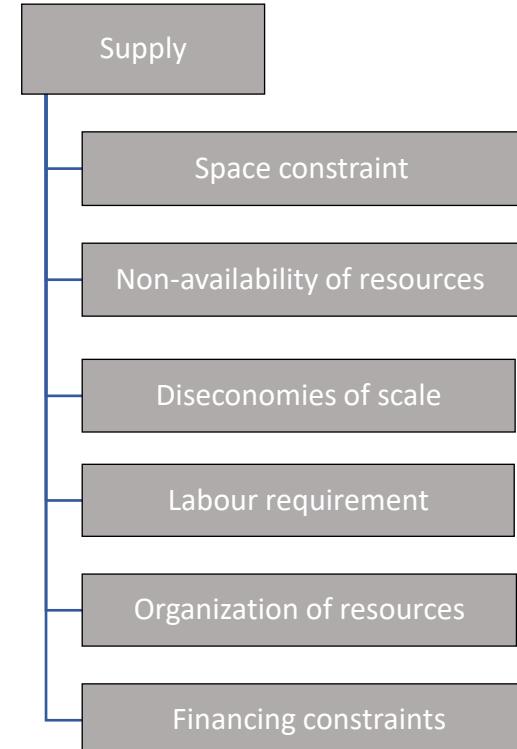
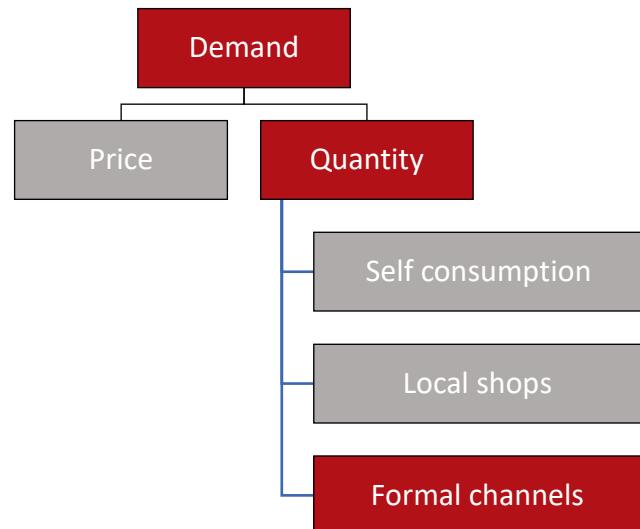
Case Statement

- Low income for dairy farmers' noticed pan-India
- Diagnose and provide remedial measures

Interviewee Notes

- Understand the reason for low income
- Farmers' split of produce going to different channels was the key point
- Keep the recommendations in line with govt. capacity and responsibility

Structure/ Framework



Key Takeaways

- Owing to the unstructured nature of the case, starting with a Demand & Supply ensured a MECE approach
- Asking about the product mix under quantity made sure that the candidate was able to reach at the right problem



Case Statement : Your client is a global auto manufacturer and has been in the Indian market for two decades. Their market share has remained stagnant. Evaluate if they should stay in the Indian market or leave.

Thank you for the problem statement. Before proceeding with the analysis, I would like to ask few preliminary questions. Will that be fine ?

Sure, please go ahead.

I would like to know about products and the value chain of the client, in which the client operates.

The client is in the manufacturing and distribution of 4 wheelers. They sell 3 models, all are Sedans. They have a plant in India, wherein they manufacture the cars.

How much is the market share currently and how is competitive landscape ? Is the company facing any decline in revenues and profits?

The market share has been stagnant at 2%. It competes with Auto OEMs like Hyundai and others. Revenues have also been flat over the years, and they are bleeding in losses.

I would now like to analyze the exit decision from two aspects : a) Financial evaluation of whether to continue or exit b) Operational feasibility of continuation

What do you mean by financial evaluation ?

I would like to understand what we can realize by selling the business today as against the Net Present Value (NPV) of continuing the business in future.

What are the ways in which you can dispose off the business ?

We can dispose off the business in two ways : a) By selling it to a competitor or any other interested party. b) Selling assets such as building, land, etc. on a piecemeal basis. I believe that the value we will get under point (a) will be higher

Great, let's think about the operational feasibility. Can you help the client devise a five-year plan if it intends to continue into the Indian market ?

Sure, so in the operational plan, I would like to divide into R&D Plan, Manpower Plan, Production Plan, Purchase Plan and Sales & Marketing Plan.

Let's discuss about each of them briefly

- R&D Plan- We need to evaluate whether the existing product will sell or we would need to make investments to improve our products or else, launch new products (such as cars other than Sedans or venturing into 2W/3W segment/ Electric Vehicles). This would be based on market research.
- Manpower Plan- We will need to estimate the headcounts and average cost for each of the departments which we will have.
- Production Plan- The number of units to be produced based on market research.
- Purchase Plan- The raw materials we will need, quantities needed and potential sources of suppliers.
- Distribution plan- How we will set up the distribution network of dealers across the country.

What are the factors you will consider for making the production plan?

I would evaluate whether to produce in Indian plant or produce in plant at other sites and then import in India or a mix or both. The underlying factors would be quality, cost, delivery time, flexibility of production process, any import duties or other restrictions, etc.

It was nice interacting with you. All the best !



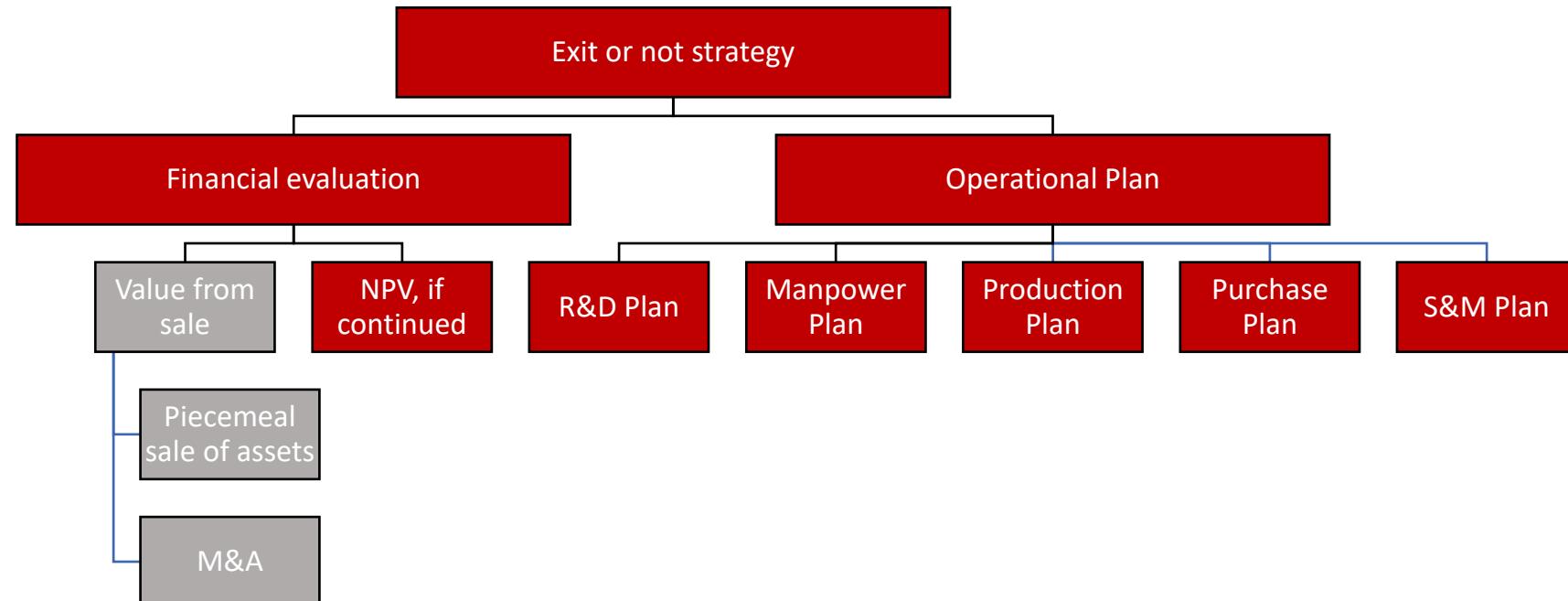
Case Statement

- Your client is a global automobile co. having operations in India.
- For last 2 decades, they have stagnant market share (~2%). They are evaluating whether to exit India or continue.

Interviewee Notes

- Manufacturing and distribution of 4 wheelers. 3 models, all are Sedans.
- Manufactured from plant in India
- Market share at 2%. Competes with Auto OEMs like Hyundai.
- Revenues stagnant and suffering losses.

Structure/ Framework



Key Takeaways

- No conventional framework used
- Basic idea of software industry is required, and equal importance was given to problem identification and recommendations
- Its important to understand cues from interviewer, here it was clear that its OM concept when he highlighted monthly variability in demand

Declining Population of Lions

Unconventional | Moderate | BCG



Case Statement : Your client the owner of Gir wildlife sanctuary, Gujarat. Recently, the population of lions has reduced drastically in the sanctuary which is a cause of concern for the client. The client needs your help in addressing the above situation

Before starting I would like to ask some preliminary questions if that's fine

Sure, go ahead.

By what amount has the population of lions decreased? Was there any recent eruption of fatal disease among lions? Has there been a reduction in the population of other animals too?

The initial population of lions was – In 2018 : Males: 20,000 Females: 19,700 which has reduced to Males: 16,000 and females: 16000 in 2021

Also, has there been any reports of increase in hunting and poaching in the past 3-4 years? The reduction in population has been more in case of males but I don't think there's too much difference between reduction in population among males and females. Thus, I believe the issue is not gender-specific.

No, the entire sanctuary is secured with trained guards and has cctv cameras installed across the entire perimeter. Also, the issue is not gender specific

I also wish to know about the breeding cycle of lions as in how many times do they breed in a single year. Also, I am assuming female lions give birth to only one cub after their gestation period. What is the primary objective of our client and within what time does he want to achieve the objective?

Female lions give birth to a cub once in 7 months after which they take a gap of 5 months before they are ready for breeding again. Also, as the CM of Gujarat will be visiting the sanctuary in December 2023, the client wants to normalize the population of lions to 2018 levels before CM's visit.

So, I would like to structure the problem into 3 categories, births, deaths and departures. In case of deaths, I would like to categorize them into disease related, natural, prey-caused and hunting related. Also, I would like to know if there has been any transfer among different sanctuaries or from the sanctuary to any zoo?

You can ignore the 'departures' part. Also, the death rate has been consistent.

So, considering the number of births over the years I would like to categorize it into mating pairs x number of cubs per pair. For knowing the number of mating pairs, I would also like to know if there are any geographical barriers among the entire population of lions within the sanctuary and are there any factors restricting breeding among different groups of Lions.

So, in the sanctuary we have 4 segments as shown below that are separated from each other. Can you work out these numbers to estimate the number of mating pairs that we may have in the sanctuary?

Group	Fraction of population	Percent male	Percent female
A	1 / 4	10%	90%
B	1 / 8	30%	70%
C	3 / 8	50%	50%
D	1 / 4	40%	60%

Sure, from the above table we can calculate the number of mating pairs present which is $(16,000 * (0.25 * 0.1 + 0.125 * 0.3 + 0.375 * 0.5 + 0.25 * 0.4)) / 2 = 5,440 / 2 = 2,720$ mating pairs

Alright, now you have found out the reason for decrease in population of lions in the sanctuary. Could you give some recommendations as to how the client can increase the population of lions in the sanctuary



Sure. According to me the client can do the following to increase the population of lions within the sanctuary:

1. Transfer of male and female lions into segments where respective gender of lions are deficient
2. Reduce death rate by providing proper food, care & shelter facilities
3. Establish medical facilities in the short run to diagnose and prevent fatal illness and related issues
4. Breakdown segment-barriers & allow free breeding of lions across all segment
5. Maintain equality in the number of male and female lions

Thank you.



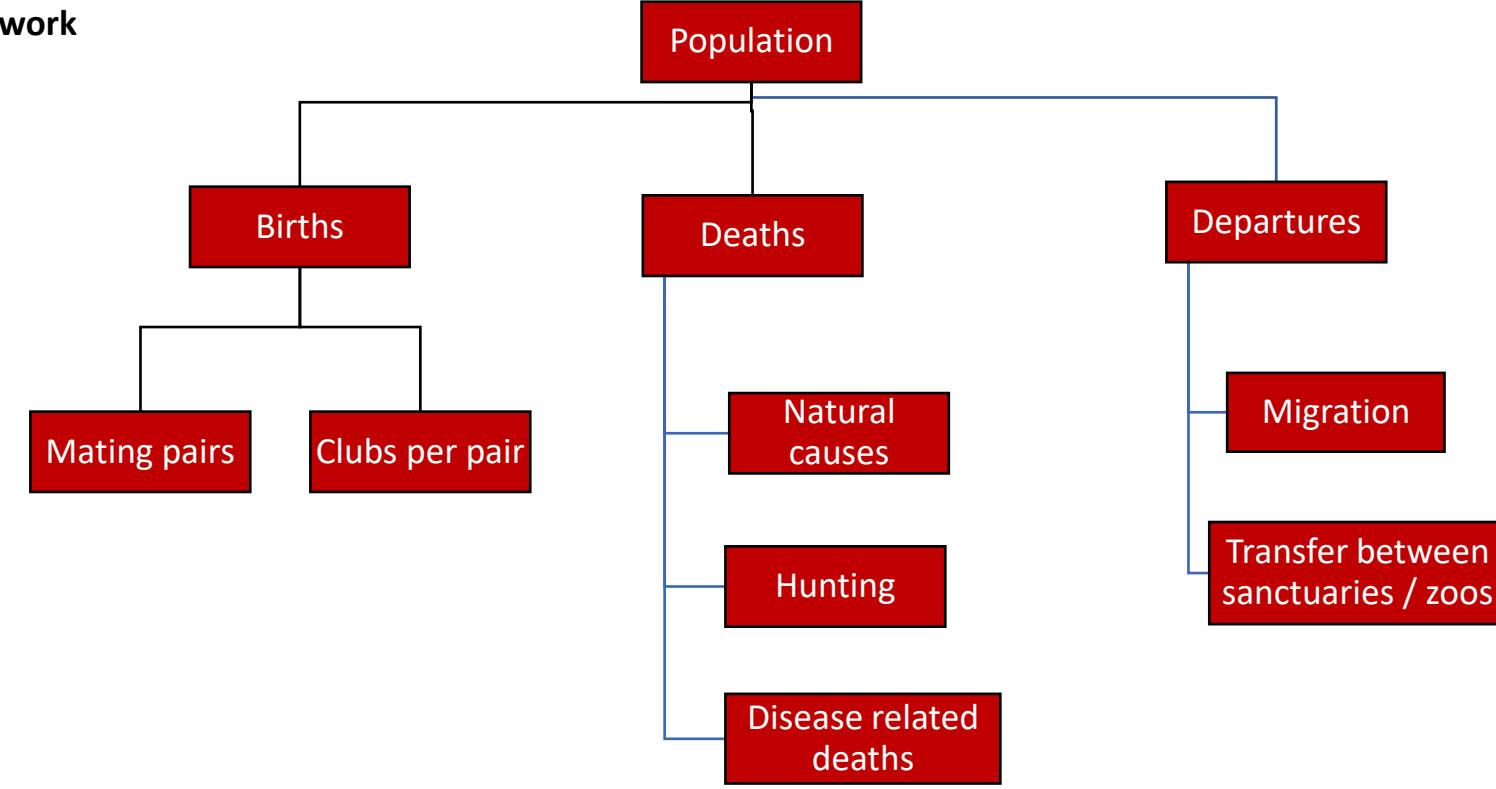
Case Statement

- Wildlife sanctuary facing declining population of lions
- The century is in Gujarat

Interviewee Notes

- Significant drop in lion population
- Not a gender specific issue
- Target to increase population to 2018 levels by 2023

Structure/ Framework



Key Takeaways

- Ask specific preliminary questions that are relevant and help you in getting to the root cause
- Make a structured approach and make sure you MECE all relevant factors
- Be fast and on point with calculations and data interpretation



Case statement : Your client is Company X. They have been approached to bid for the 14th season of MasterChef. They want your help to decide how to make most money out of the release and the correct bidding strategy.

Before jumping to the analysis, I would like to clarify a few things about the client and the problem at hand. Could you please help me out with more details about the client's business, whether it is an OTT platform or are we looking at television screening, and where they are planning to stream?

Sure, your client is a company like HBO or Comedy Central and for this case we will be concentrating on television streaming even though the client does both and they are bidding for streaming in India

Thank you, I would also like to know the regulations behind bidding, is it open or closed, and which country's MasterChef is it, India/Australia? Also, do we have any history of bidding for previous seasons of the MasterChef?

Series? Good question. It's a closed bidding and for MasterChef Australia. The client particularly does not have a history for bidding but there is a rumor that previous season was bid for about 90 crores.

Great, so I'll be performing a cost benefit analysis to understand the financial feasibility for the client will be making since the objective is to make money.

Sure, Go ahead!

Comparing the Revenues generated, and the Costs incurred by the client will help us through the problem. Starting with the revenues, we will have two revenue segments, TV and OTT and since we are concentrating on Television part, there shall be multiple revenue streams like subscription fee, advertisements and so on.

Sure, Will there be any more revenue streams?

Yes, since it's a food show, there shall be revenue from sponsorships, promotions and merchandise as well.

Great, so let's focus on revenues generated by advertisements.

The revenue for advertisements can be calculated as below -

Revenue = Revenue/ad slots * #ad slots/ep * #ads/ad slots * # episodes. Do we have any data on these figures?

Yes, we do have that data. There is a charge of 5 lacs/ad and there is around 20 minutes of ad time with each ad being 30 seconds long. Also, there are 50 episodes in this season of MasterChef Australia.

Alright, so we get about 100 crores of primary advertisement revenue. Apart from this we shall also have another component in advertisement revenue. This shall be from the advertisements running during the repeat telecasts.

Right, so what else do you need from my side?

Since the repeat telecasts happen at non-peak hours unlike the actual streaming, the revenue charged per advertisement will be drastically lower than 5 lacs per advertisement.

Let's say we come to a number, how will you go forward? Summarise.

I would like to compare the final revenue amount to the costs that we shall be incurring like airing cost, operational cost, maintenance and bidding cost, keeping in mind the cost of capital for the costs incurred. Further, I would be comparing the range of bid to the historical trend and zone down to the final value keeping in mind profit objective of the client.

Let's close the case here. Thank you!

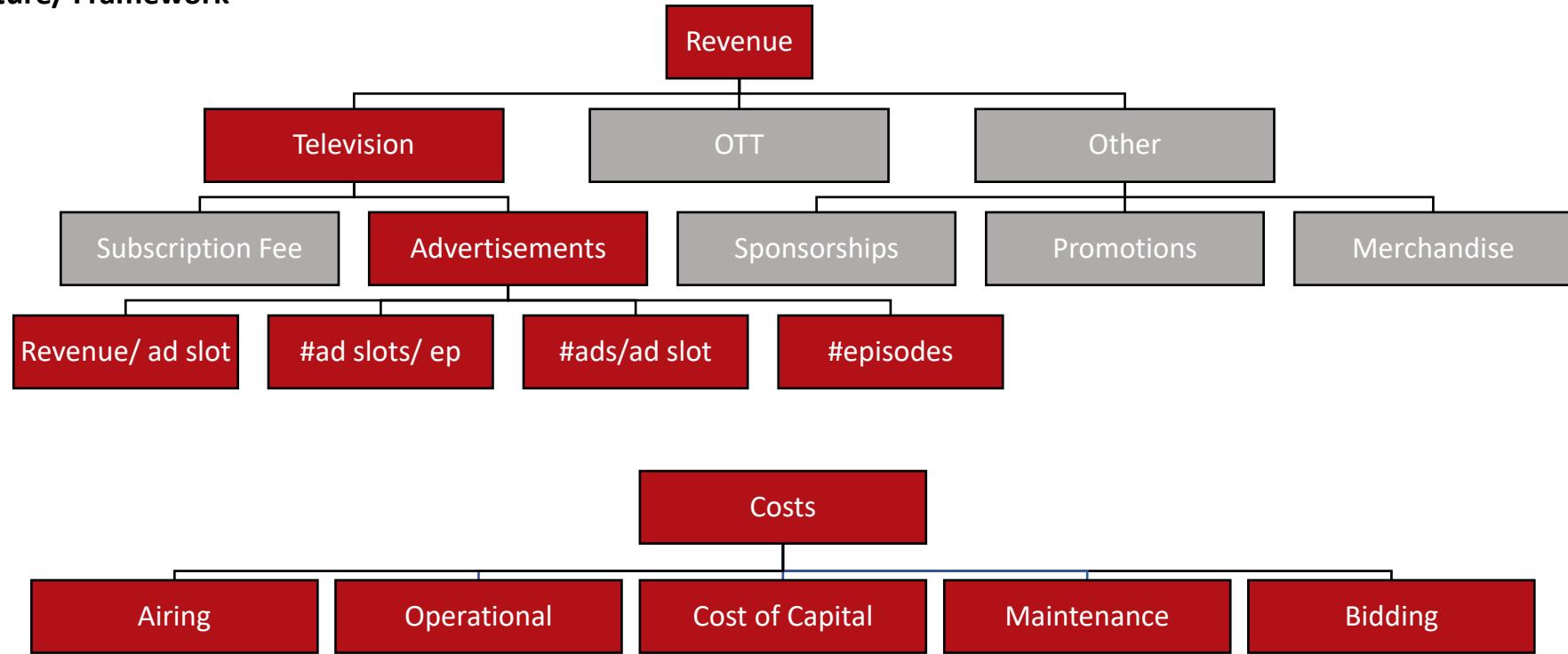
Case Statement

- Client, Company X. has been approached to bid for the 14th season of MasterChef
- Bidding strategy so that they make most money, focus on television streaming
- Company like HBO to bid for MasterChef Australia to be streamed in India

Interviewee Notes

- Cost Benefit Analysis
- Rumor about previous season being bid at 90 crores
- Historical and geographical benchmark for launch bid keeping in mind profit goals

Structure/ Framework



Key Takeaways

- Television advertisements will have a repeat telecast revenue model as well along with the main telecast revenue
- Logical clarity as well as accuracy in numbers, both are equally important



Case Statement : Your client is Nike, and they are facing issues in the competitive landscape. Help them resolve the issue and acquire back the lost market share.

Before I start analysing the case, I would like get more information about our client. Can I ask a few questions about that?

Sure, please go ahead.

Are they facing the same issue in all the countries? And I know they manufacture sport shoes, T-shirts, Jerseys and a lot more. In which of these products are they facing this issue with?

The problem is happening only in India and Bangladesh. Also, they are facing this issue only with the high-end short shoes.

As I understand the problem is in the premium segment. For how long have they been facing this issue? Is this issue happening across the industry?

Your understanding is right. Nike is facing this issue for 5-6 months and this issue is due to their internal problems, not related to the industry.

To get further clarity, I'd like to go through the customer journey. First, customers have a need to buy the product. Then, they benchmark the product's quality, price, etc with competitors and then buy it, subject to availability. Is there any price or quality deterioration with respect to competitors/ problem with product availability?

Good analysis. There is no deterioration in product quality or change in price. But the product availability has decreased in Nike stores.

Ok. Since the problem is with the availability of product in the market, I would like to go through the value chain of the company, suppliers, manufacturer, warehouse and inventory, distributor and retailor. Should I go ahead?

Sure, Go ahead.

The shortage of availability can happen due to: 1. Shortage of raw materials from suppliers/ 2. Lower production in the manufacturing plant/ 3. Problem in warehouse and inventory/ 4.Change in the established distribution network/ 4.Decrease in number of retailors due to increased commission offered by competitors. Have I missed any factor? If not, which part should I focus on to find out the problem?

You have covered enough options. Now focus on lower production in the plant.

The reason of lower production can be due to: 1. Breakdown of machine or use of old technology / 2. New budget, labour or any other constraint/ 3. Change in existing workforce, leading to lower efficiency / 4. As it's a premium product, the problem can also happen due to inadequate quality control. Is my analysis correct?

Yes, it is correct. But there is neither any additional budget or labour constraint nor any change in the workforce. The machines are also not outdated. Can you elaborate on the possible quality control related issues?

I believe there could be an issue with the labour and the machines which are not checking the products properly and passing bad products, resulting in a requirement of 2nd checking which brings down the overall productivity of the plant. Am I right?

You have an interesting view on the problem but it's not right. The actual problem is, Nike recently increased their quality standards so high that even a tiniest problem in product causes quality checking machines to mark it as 'faulty' due to which output is very low. Can you give some recommendations to solve the problem?

Nike can slightly relax their quality standards so that good products don't get marked as faulty. Or, they'll have to invest in their manufacturing machines to upgrade product quality so high that it can match the present quality standards.

Good job. You have done a thorough analysis. Let's end the case here. Nice talking to you.

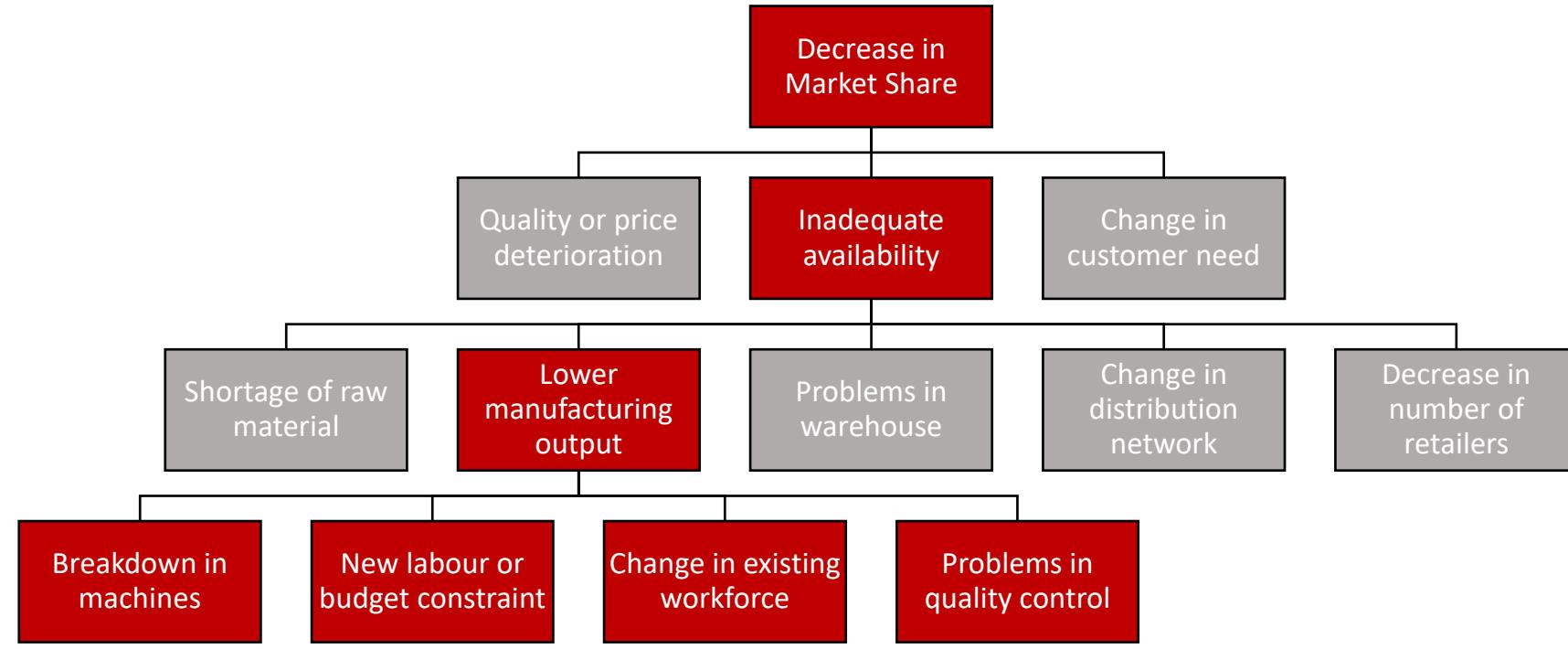
Case Statement

- Nike is facing decline in market share
- Identify the cause of decline and suggest feasible ways to improve the situation

Interviewee Notes

- Problem in premium shoe segment in India and Bangladesh for last 5-6 months
- Internal issue , not much change in price and quality with respect to competitors
- No change in product demand, problem in the supply side

Structure/ Framework



Key Takeaways

- No conventional framework used
- Idea of Nike product line and geography of problem
- When there is a problem with market share, look for the value chain and PESTEL analysis
- Ask interviewer if your assumptions are right and take his confirmation about the same in every step.



A telecom tower company based out of India is our client. We have scanned through their P&L statement for the year and noticed an EBITDA margin of 50% but they have still come to us complaining of profitability issues. Are we doing something wrong here? I would like you to think from an accounting perspective.

Interesting. If I understand this right, EBITDA margin is defined as the ratio of a company's operating profit to its revenue. Operating profit includes interest, tax, depreciation and amortization charges. We can use it to compare the relative profitability of 2 or more companies of different sizes in the same industry.

Right. Do you think 50% is a good number?

It would depend on what the norm is for the tower industry. A good EBITDA margin is a higher number in comparison to peers in the same industry. As a rule of thumb, a margin over 10% can be considered good though.

Fair enough. Then why do you think they have a profitability problem?

We need to look at the other components as well. EBITDA can often draw attention away from factors like high debt. May I know what the PBT or PAT of the company is like?

Sure. The profit after tax for the firm is -10%.

Clearly the firm is making losses if we look at the PAT figure. This means that one or more of these 3 components is to be blamed – interest because of high debt, high depreciation/amortization or higher taxes. Okay, before I proceed, I would like to know a bit more about our client. What's their business model like and how long have they been facing this profitability issue? Also, is our objective here to make PAT zero or positive?

Our client sources the tower, basic electronic components etc. from its suppliers, acquires land from residential and commercial property owners, places a passive infrastructure with base transceiver, antenna, tower structure etc. on that property and finally rents out the tower space to telecom operators like Airtel and Jio. Telcos are responsible for placing the active electronic components on the tower to finally make it operational. Also, our client is facing this issue for some years now. And you are right about the objective.

Thanks for the input. Can I take a minute to process all that we have discussed so far?

Go ahead. Take your time.

Here's my hypothesis. I can clearly see that the client's business is asset heavy. We are sourcing towers and expensive electronic gear. All this will burn through a lot of cash and so the company would have to take on a lot of debt. This in turn implies a high interest payout and a lower PBT and PAT. Am I correct in my assessment?

That's correct. Can we do something about this?

Sure. Our ultimate objective is to make the PAT zero or positive. We are seeing a 60% expense in the form of interest, tax, and depreciation/amortization charges. There are 2 ways to go about this – (1) increase the 50% EBITDA margin to 60% and above. Then even keeping ITDA expense constant, we can get to a PAT of zero and above. (2) Figure out ways to reduce debt going forward to lower the interest component of ITDA expense.

Tell me more about the first approach.

EBITDA margin is simply a measure of how much lower the operating expenses for a company are compared to its revenue. The lower the expenses, higher would be the ratio, i.e., a large fraction of the revenue can become a part of profits due to lower costs. So here I would like to deep dive into the costs side for the company and look for cost-cutting measures.

Please proceed.

Costs can be divided into fixed and variable. Fixed costs would include one-time cost of tower space, rent payout to the landlord, salaries/wages to security personnel and labor, infrastructure cost etc. Variable costs would mainly include utility expenses like water and electricity.

Should we be even considering one-time costs? And do you really think water is going to be a significant expense at a telecom tower site?



Not really. I want to correct myself. Costs to be subtracted while calculating EBITDA are operating costs. So, the one-time sunk costs need not be considered here. Also, We are mainly going to incur electricity cost to drive the heavy electronic equipment atop the tower. This will be paid to the DISCOMs who will be supplying power from the grid to us. Water usage is going to be insignificant.

Aren't you missing out on something with regards to electricity expense? Let me give you a hint: your phone catches signal 24*7

Oh right. There is load shedding and grid power is not available all the time. So, we do have a diesel run generator at a tower site to power the electronics in emergency. Diesel cost would be one variable cost to be considered then. Additionally, many sites also have solar panels for backup power.

That's correct. So, what are your recommendations then?

I would divide my recommendations into short-term and long-term. In the short term we should try to cut down our operational costs.

- Use more solar power in place of diesel generators for backup power. In fact, sending reverse power to the grids can also give us credits which can further lower the costs
- Negotiating rent payout contracts with the landlords
- Use CCTVs for monitoring in place of a dedicated security personnel

In the long run, we can do the following:

- Experiment with newer tower types and materials which are more cost-effective
- Get into agreements with telcos to share a part of the costs
- Negotiate loan agreements with banks to secure one with the lowest interest rate
- Switch to battery-bank based solution instead of using DG sets
- ACs consume the maximum power at a tower site. Maybe experiment with something like a natural cooling unit instead

That's a good set of recommendations. Let's wrap up the case here.

Case Statement

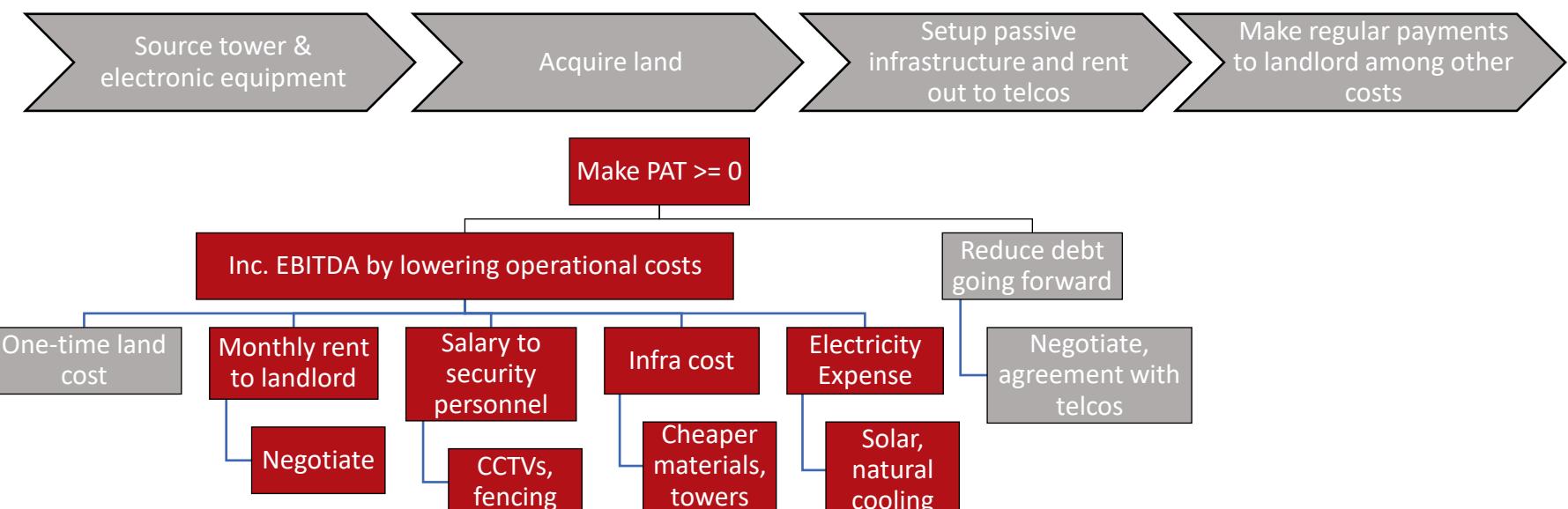
- Indian telecom tower company has decent EBITDA (50%) but still complain of profitability issues
- Approach problem from an accounting perspective

Interviewee Notes

- Firm has decent EBITDA but negative PAT (-10%)
- EBITDA = Revenue – Operating Expenses
- EBITDA Margin = EBITDA / Revenue
- Asset heavy model implies large debt and bigger interest payment
- EBITDA is a measure of how much lower the operating expenses for a company are compared to its revenue
- Objective: Make PAT zero or positive

Structure/ Framework

Business Model



Key Takeaways

- A sound knowledge of FA concepts was needed for solving this case
- No standard structure can be used, and the interview was more conversational in nature. Still try to structure as much as possible
- It's important to take buy in from the interviewer and be wary of the hints dropped by him/her. The 24*7 signal and diesel generator hint was one such example



Case Statement: Your client is a PE fund interested in investing in an infrastructure company that holds assets like roads, ports etc. They want your help in understanding the risks in the future cash flows.

I see. Is the PE firm based out of India or abroad?

It's a global firm.

Alright, do we have an estimate of the quantum of the expected returns and the timeline over which they would like to achieve this?

Let us assume a 5-year timeline.

Sure. Can I get some information on the kind of assets that the infra company owns?

The company owns roads, specifically highways, ports, and airports.

What is the revenue split of the firm across these three assets?

For the sake of this discussion, let's just take highways for assessment.

As per my understanding, the way highways usually operate is through a partnership with the govt. Is that the case here as well or does our client have full ownership?

Usually for implementation of infrastructure projects, a Public-Private Partnership (PPP) model is followed, which involves a private firm financing the project and then drawing profits from it over the course of the contract. You can assume that the infra company now owns the assets fully.

Makes sense. The possible cashflows from highways could be toll booth revenues, advertising billboards, and commission from any shops or residential rentals that might come up on the highway.

But would cashflows include only cash inflows or should we consider outflows also?

Right. Cash outflows could be maintenance and HR costs.

Yes. As toll booth composes 90% of the revenue, let's just focus on that.

The revenues from toll booths would be a function of the ticket price and volume of tickets sold. The price would typically vary depending on the type of vehicle, depending on whether it is a 2-W, 3-W, 4-W or commercial vehicle like bus or truck.

Let me give you some information on that. The ticket price for 2-W is 150 rupees and they make up 5% of the total volumes, 3-W make up 10% with a price of 200, 4-W make up 20% of the volume with a price of 250 rupees, and commercial vehicles have a price of 300, trucks making up 50% of the total volumes.

According to this, over 70% of revenues come from commercial vehicles segment. I would like to focus on that first. Starting with trucks, the key risks associated with cash flows from trucks could be that companies might start shifting to other shipping modes like air freight, traffic might decrease due to optimizations brought about by digital transformation or the volumes of the products might fluctuate.

Let us assume that it's the Bombay to Hyderabad highway and only 2 kinds of goods are being transported - automobiles and agricultural products with a 50-50 split each. With this information, could you tell me the possible risks?

Automobile industry is currently seeing a downturn, however, in the long run it might not be impacted. Agricultural products could start coming from other source destinations and that would impact our revenues.

Why would this issue not apply to automobiles too? Basically, there is an SEZ for automobiles being set up in Chennai from where the automobiles can be sourced. This might take away 50% of our automobile revenue. Can you finally tell me the impact this will have on our revenues?

As automobile make up 50% of trucks, overall revenue would go down by 12.5%.

Thank you, that would be all. All the best.

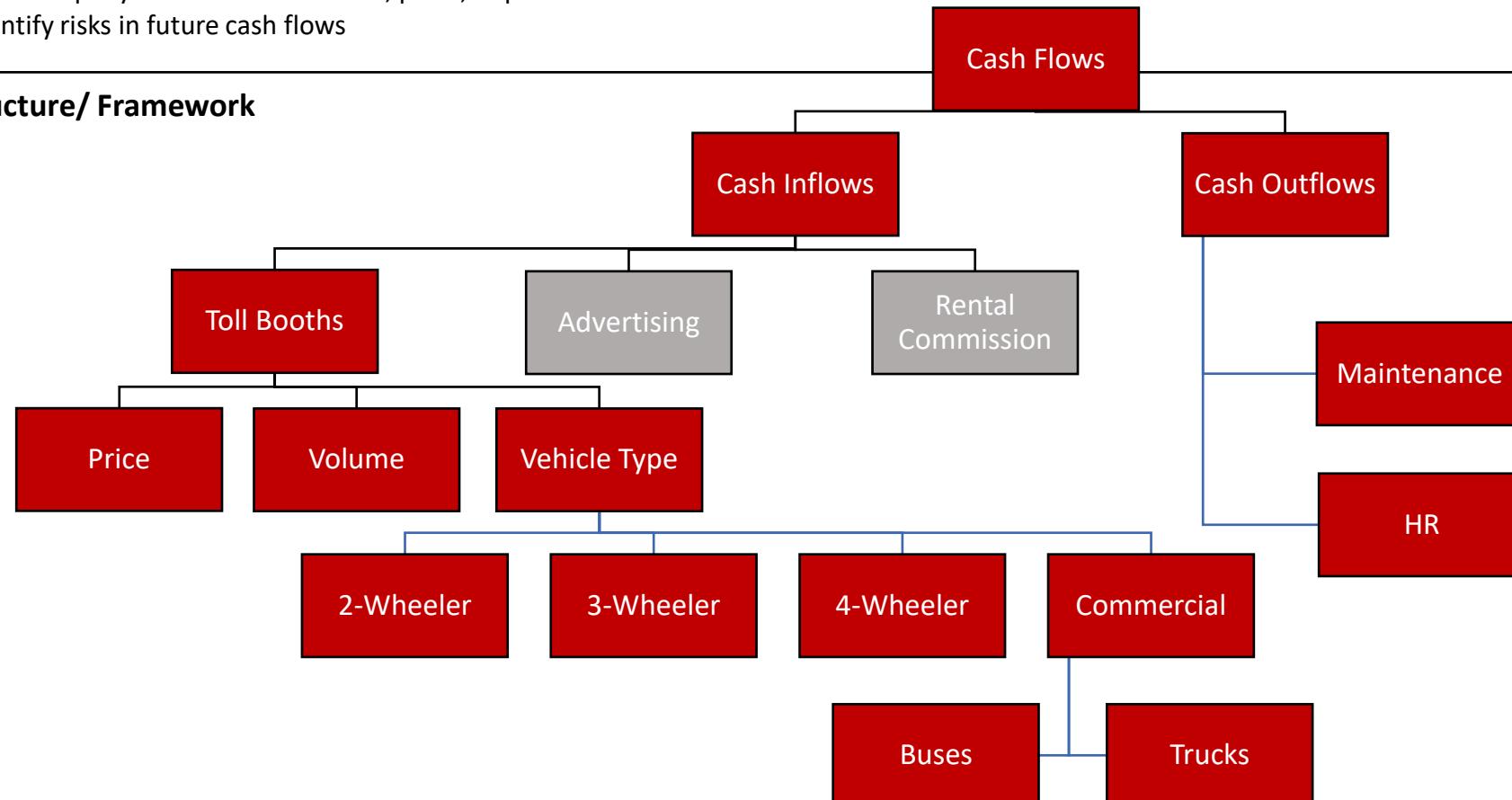
Case Statement

- Client is a PE fund that wants to invest in an infra company
- Infra company hold assets like roads, ports, airports
- Identify risks in future cash flows

Interviewee Notes

- PE fund is a global firm and expects returns in 5 years
- It owns highways, roads, and airports. Highways have the largest revenue

Vehicle	Price	Vol %
2-W	150	5%
3-W	200	10%
4-W	250	20%
Trucks	300	50%
Buses	300	15%

Structure/ Framework**Key Takeaways**

- Interviewer appreciated the clarifying questions
- Cash flows can involve both inflows and outflows
- Focus on the highest revenue stream first



Case Statement : Your client is small-scale services company, like a micro TCS. Our client has a requirement of 1000 billable positions every month with diverse skillsets like Java, SAP, JavaScript etc., but the positions are only half filled. Can you identify the issue here and suggest recommendations?

Before I delve into the case, I would like get more context about our client. Can I ask a few questions on the same?

Sure, please go ahead.

What do you mean by billable positions? Are they employees and like a typical software services firm, do we obtain revenue based on employee head-count?

Yes, your understanding is correct.

Are our competitors also facing similar issue?

Yes, they are facing this to some extent, but we are impacted hugely by this issue.

Are the positions entry level or we have problem across hierarchies.

For the purpose of this case, assume that we have problem at entry level

I would now like take a minute to structure my approach.

Sure, go ahead

The issue can be stemming from one of the following broad causes

1. The client is not able find the right talent across one or few recruitment channels.
2. The potential new hires are not preferring the company.

Why do you think employees won't prefer our company?

There can be monetary and non-monetary reasons. In monetary, fixed-pay, bonus, benefits can be possible factors. In non-monetary, the work-life balance, growth & development can be issues.

Good, but we don't have any of the issues you highlighted, lets focus on talent search

Sure, There are different ways we reach out to talent

1. Universities
2. Agencies
3. Referrals

Is there anything I missed here?

Yes, we & competitors are using the above channels and yet we aren't able to hire the required amount of talent. What do you think is the issue here?

I think we are not able to hire the right mix of skilled - talent which is very specific to our requirement.

Yes, that's the issue. How do you propose the client address this issue?

The client can try the following options:

1. short-term: Enter into partnerships with other firms to meet the shortage.
2. Long-term: Hire talent and provide in-house training based on requirement.

I think you are missing something here, we have a monthly variation in the employee skillset requirement, do you think its feasible to train every month?

I think here we have to view employees like inventory, based on the demand forecasted for the entire year, we can hire employees to satisfy mean monthly demand and for the positive variability we can reach to market and bench some employees in case of negative variability.

Good, I think you have identified the right solution, this is a classic case of applying Operations management concepts in software services industry.

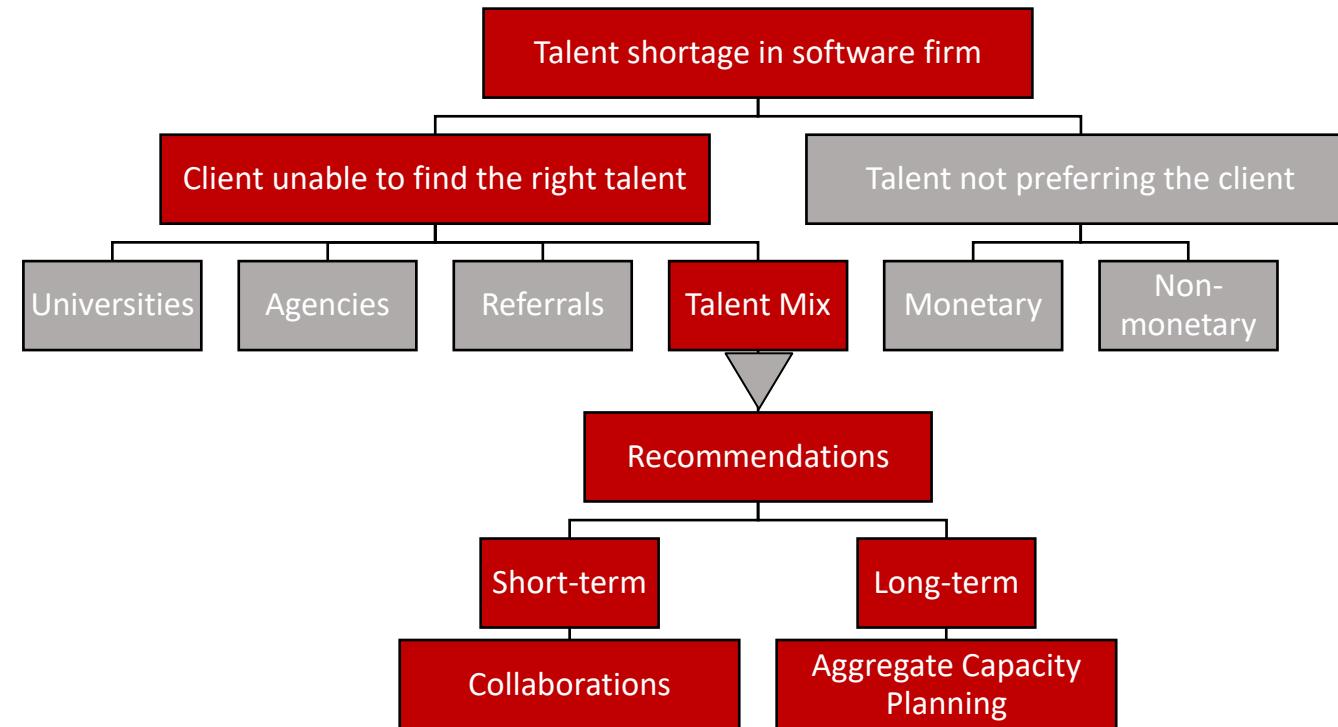
Case Statement

- Client is a small-scale software services firm facing issues in hiring skilled workforce
- Identify possible issues in hiring & provide recommendations

Interviewee Notes

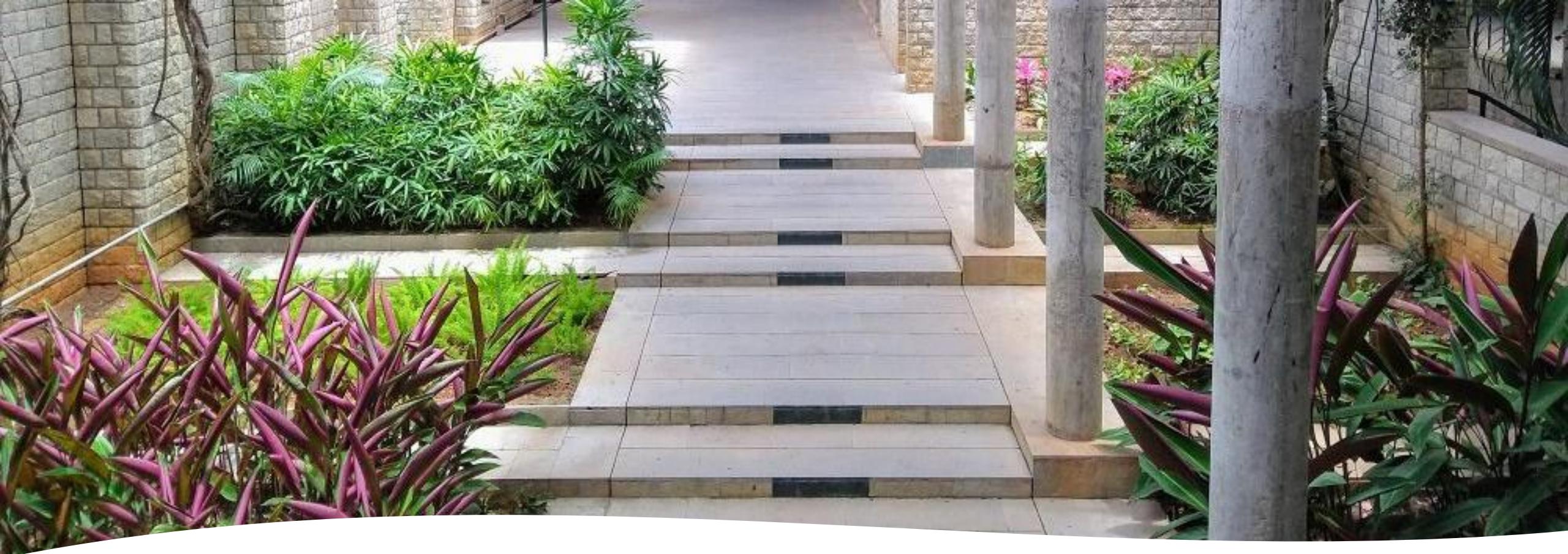
- The firm requires 1000 employees per month and only able to source 500.
- Skill-sets required are diverse.
- The issue is mostly company specific.
- Issue is in entry level positions

Structure/ Framework



Key Takeaways

- No conventional framework used
- Basic idea of software industry is required, and equal importance was given to problem identification and recommendations
- Its important to understand cues from interviewer, here it was clear that its OM concept when he highlighted monthly variability in demand



IIMB Guesstimates

2022-23



Case Statement : Estimate number of people crossing Bangalore Airport in a month.

I have a few preliminary questions before I jump into the guesstimate, may I go ahead?

Sure. Go Ahead.

When we are talking about people, should I include even the airport staff and airline workers, or are we only talking about passengers?

Only passengers.

Sure, and generally, there are 2 types of flights: cargo and passenger. Should I only focus on passenger flights for the purpose of this case?

Yes, focus on passenger flights.

Thank you for the clarifications. Could I take a minute or so to structure out my approach before diving into the calculations?

Sure, but given the limited time that we have, I only want you to run me through your approach, no need to get into the numbers.

Sure. I believe that we can arrive at the answer using two approaches: demand-side and supply-side. However, the demand-side calculations would require several assumptions while breaking down the population using factors such as need, access and affordability. On the other hand, a supply-side approach would be constrained by the maximum capacity of the flights taking off from the Bangalore airport, thus requiring far less assumptions. So, is it fine if I approach this problem from the supply-side?

Yes sure, that sounds reasonable.

Thank you. The broad approach that I would like to follow is: No. of flights x flight capacity x utilization %. I will further break down the no. of flights into domestic and international given the difference in frequency. Next, I will break down the no. of flights in domestic and international into weekdays and weekends, given the difference in frequency. Does this approach sound okay?

Yes sure. Is there anything else you feel is missing?

Yes, to ensure comprehensiveness, I will also take into consideration the different hours in the day: peak, regular and off timings. This will cover the difference in utilization % between flights.

That sounds very comprehensive. We can close the case now.

Thank you.

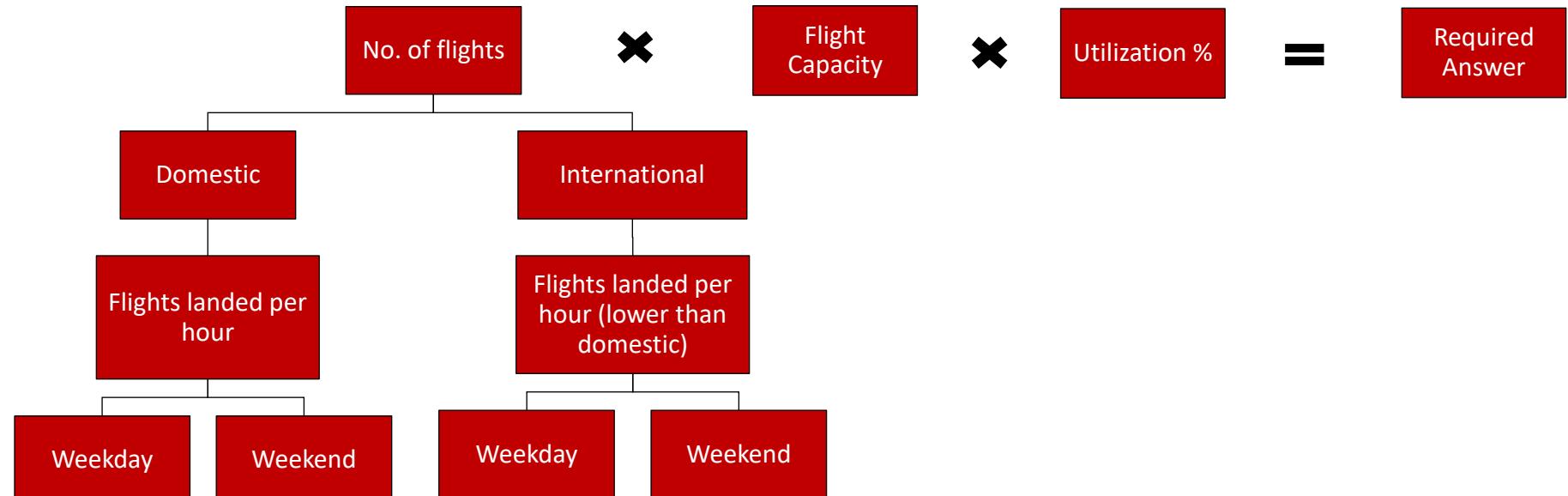
Case Statement

- Estimate number of people crossing Bangalore Airport in a month

Interviewee Notes

- Consider both Domestic & International flights
- Approach is important, numbers & calculation are not required

Structure/ Framework



Key Takeaways

- Ask for the level of detail that is expected when defining approach for the guesstimates. Exhaust all possible details you can think and discuss with the interviewer



Your client is an online food delivery app who has approached you to estimate the market size of such a service and the changes that can be expected by 2025.

Before proceeding, I would like to clarify a few aspects of the case. When you say a food delivery app, can I assume the product to be like Swiggy? Also, for the market size, should I estimate the number of users or the dollar-value of the market?

Yes, you can assume the product to be similar to Swiggy and for the market size please estimate the dollar value. Also, I would like to see how you would go about estimating the market size and the assumptions that go along with it. We can calculate the exact numbers later if time permits.

Thanks. Based on the information, I would like to structure my analysis based on the demographics of India. I will first split India into rural and urban. Considering that this is a food delivery app which requires access to smart phones and internet as well as places that deliver food, we can remove the rural market from our analysis. For the urban market, I would look at the age and income segments to get to the market size. Does this seem like a fair approach to you?

Yes. Please go ahead.

Alright. Based on the latest census data 70% of the country's population reside in rural areas and 30% in urban. Even within the urban population, the market for such a product would predominantly be present in Tier-1 and Tier-2 cities which would be around 50% of the overall urban population. After that, I would divide the population into 4 age segments- 0-20, 20-40, 40-60 and 60+ and assume an equal split of population among them.

Does an equal split among age segments feel like a fair assumption to you?

Actually, no. Considering that India is a young country, population would be skewed towards the younger age groups. So, 0-20 would be 30%, 20-40 would be 40%, 40-60 would be 20% and 60+ would be 10%

Yes. That seems more accurate. Please continue.

Again, since this would require the ability to use smart phones and order food of the internet, we can rule out the 60+ age segment. Is that OK?

Sure. Continue.

Each age group can now be divided further into income segments and then average frequency of ordering and purchase value for each group can be determined. Since, we are talking about the urban group, we can assume the following split: 1) Less than 5LPA: 30%, 2) 5LPA-15LPA: 60%, 3) More than 15LPA- 10%. Given the income ranges, we can remove the low-income category from our estimates. Is this alright?

Yes. That's OK. Carry on.

Now within the 0-20 age groups, we can cover kids from 0-18 as they would mostly be living with their parents who will be ordering for them. College students from 18-20 will be the ones ordering directly. Based on this we can assume the following numbers for each age group.

Age Group	Income Segment	Order Frequency (per week)	Avg. Order Value(INR)
0-20	5-15 LPA	1	150
	>15 LPA	1.5	200
21-40	5-15 LPA	2	300
	>15 LPA	3	400
40-60	5-15 LPA	1	600(family)
	>15 LPA	1.5	800(family)



Should I now calculate the exact numbers or discuss on trends by 2025?

No. That's OK. No need for exact numbers. Let's talk about changes by 2025.

Great. So based on my understanding, I expect the following changes by 2025: As internet penetration increases, Some of the Tier-3 cities and rural markets might also become a viable market Income levels in India have been rising and middle class is becoming larger. So, we can expect that both the order frequency and average value per order to go up.

This is more or less in line with our findings except the rise in average order value which we estimated to be more or less constant. But this was a good analysis. We can close the case now. Thank you.



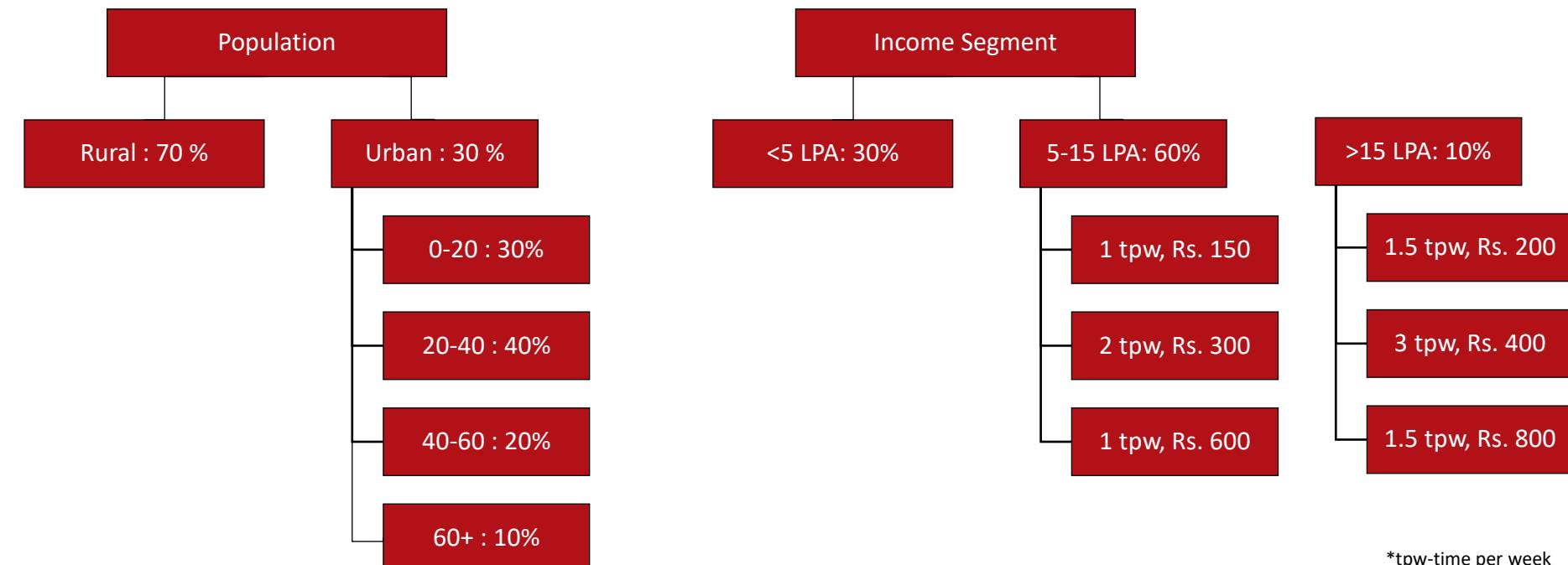
Case Statement

- Food delivery app which wants to determine the market size today
- Also want to see how the market is expected to change by 2025

Interviewee Notes

- Focus on the intersection of the population and income demographics
- Population is skewed, more number in the younger age brackets
- Spending is dependent on the income level, only those with disposable income should be considered

Structure/ Framework



Key Takeaways

- Estimate consumer spending habits focusing primarily on a younger population with higher incomes
- Value of the market will trend upwards given the increased internet penetration and spending by consumers
- Mobile phone usage is an important factor to take into consideration

Case Statement : We have a food delivery platform like Swiggy in NCR. We are getting a lot of customer care requests and queries and the manpower is not enough right now due to the COVID situation to handle all the queries. What should we do to reduce the load on the current customer care executives? I want to understand your approach. Make your own assumptions for any other information you require.

Okay. Since, we are looking at resolving the queries and requests, we can divide the requests into two parts:

1. Requests for information about the order status, location of delivery person, and other similar information
2. Personalized and specific requests and complaints

The responses to requests in bucket 1 can be automated through a service or a bot, thereby reducing significant load on the customer care executives. And the customer care executives can just respond to requests in bucket 2.

How will those request in Bucket 1 be automated?

We can categorize the different type of requests that are received into separate classes depending upon their type. For example: status of order, location of delivery person, time for the order to be delivered, cancel the order, modify the order, etc. For each class, we will calculate the volume of such requests and their frequency of occurrence. Requests with high frequency and volume can be directly integrated as options for requests while a person raises a request and can be automated completely.

In case, the customer doesn't feel satisfied with the automated response, he can still request for a customer care executive to talk to.

Okay. Let's say if the system is not automated, can you provide a rough estimate how many customer care executives will we need for Delhi NCR? Please make your own assumptions.

Alright. So, I would like to begin with the assumption that Delhi's population is 12 million. And there is 60% internet penetration. Of all the people have internet, I am assuming only

1% people are using our services. That makes it 72,000. Let's say of all the registered users only 10% order every day, that is 7200. I would then divide the day into 4 parts, based on traffic: 8 AM – 2 PM, 2 PM – 7 PM, 7 PM – 12 AM, 12 AM – 8 AM.

All times of the day don't get the same traffic. We can divide daily traffic into these slots.

Sounds good. How would you do that?

I would assume high traffic in the first slot, medium traffic during the second slot, traffic again peaking in the third slot due to dinner and minimum traffic in the last slot. So, we can assume the distribution of traffic as follows;

8 AM – 2 PM : 35%, 2 PM – 7 PM : 20%, 7 PM – 12 AM : 40%, 12 AM – 8 AM : 5%

Of all the traffic, not everyone will create a query about their orders. That should be around 10% maximum. So, by slot it would be

8 AM – 2 PM : 252, 2 PM – 7 PM : 144, 7 PM – 12 AM : 288, 12 AM – 8 AM : 36

Right, so if we have two shifts of 12 hours, how many people do we need?

We have maximum of $(288/5)$ 58 requests per hour. Assuming a request takes 5 min on average to resolve, we need 5 customer care executives simultaneously in case of the 7 PM - 12 AM slot. Similarly, in case of the 1st slot, we would have $252/6 = 42$ requests per hour. This would require 4 employees. So, we can have 4 employees from 7 AM – 7PM , and 5 employees during 7PM to 7AM slot.

Great. So, what will be your recommendations?

Automate the simple requests that can be directly answered by the bot without human help. These requests can be decided based on the frequency and volume.

Refer to the customer care executive only in cases of complex requests



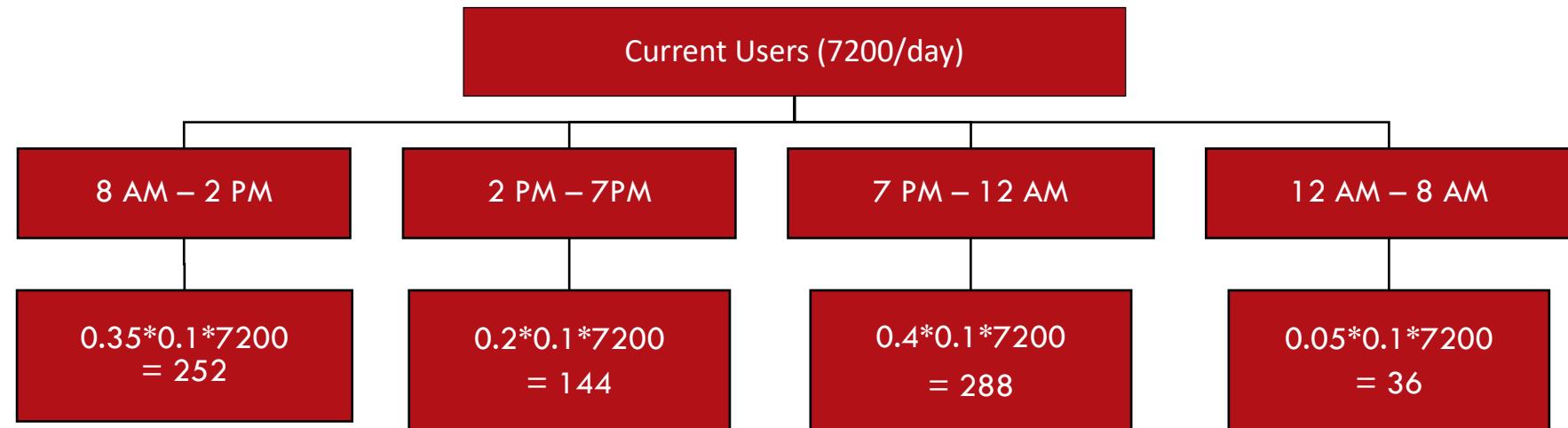
Case Statement

- Client is food delivery platform
- Lot of customer care requests; manpower is not enough due to COVID
- How to reduce the load on the current customer care executives?

Interviewee Notes

- Delhi Population:
12 mn
- Users:
 $12 \text{ mn} * 0.6 * 0.01 = 72,000$
- Users/day:
 $72000 * 0.1 = 7,200$

Structure/ Framework



Key Takeaways

- The interviewer was looking for the approach and problem-solving skills rather than the numerical data and assumptions.



Calculate the number of 4 wheelers tyres sold in a year

Could I ask a few preliminary question?

Sure. Go Ahead.

Are we assuming on in India or globally? Also, when we say 4-wheeler tyres do we mean personal vehicles only, or commercial also?

We are only doing this guesstimate for India. You may go ahead and estimate both personal and commercial 4 wheelers tyres sold in India in a year.

Alright. I am going to use a demand side approach for personal cars where I will go from population level to the number of cars sold and then tyres, for commercial I think a supply side approach with area wise calculation would be more relevant. Does this sound good?

Ok. Sounds good.

In Personal Car bucket. The population of India is a 130 Cr. If we assume a 4 member for household in India, that is 32.5 Cr families. We have low, middle and high income population percentages as 50%, 40% and 10%. We shall assume only middle and high income groups can afford cars, and middle class can afford 1 car whereas the high income groups can afford 2 cars. That turns out to be around 19.5 Cr. On an average the tyre usage is for around 50K kms. Annually car is used for around 10K kms. That would be an average purchase of 1 tyre/year. Hence 19.5 Cr tyre per year for personal category. Is this

This is good. For the calculation for commercial vehicles. You can take only metro area with a total area of 4250 sq km. Also, you can assume there are around 350 people per sq km and that one taxi per 10 people.

Thank you for the figures. Then we would get 35 cars per sq km. That would be multiplying with the area of metro cities around 1.5 lakh taxi cars. Applying the same logic of tyre wear as before. We would get another 1.5 lakh tyres. Hence in total that is a tyres of 19.515 Cr/year

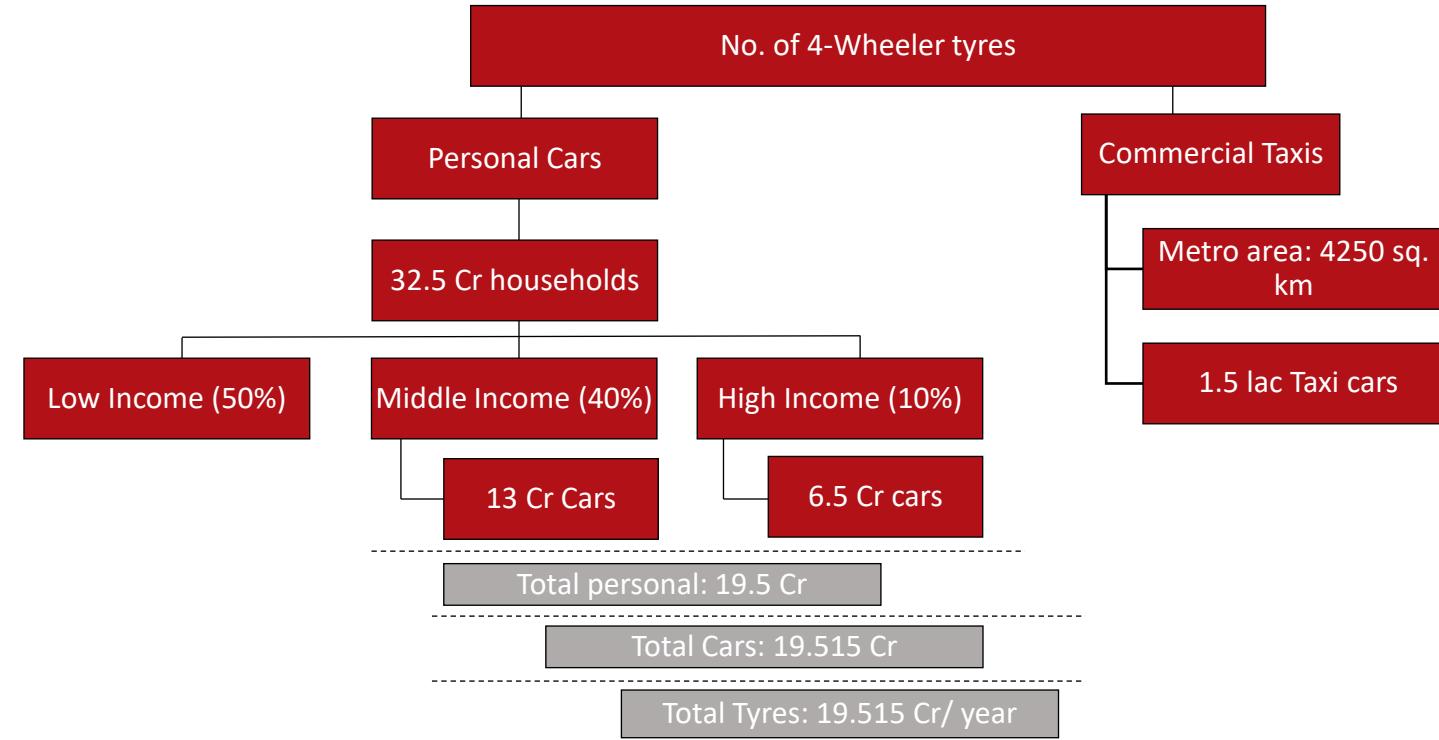
Good work. That would be the end of case.

Case Statement

Calculate the number of 4-wheeler tyres sold in a year

- Interviewee Notes**
- Total population – 130 Cr
 - 4 members per family
 - 32.5 Cr Households
 - 1 car per MI house
 - 2 cars per HI house
 - 350 people/ sq. km
 - 1 taxi/10 people in metro
 - 35 cars/ sq. km
 - Avg tyre usage – 50K kms
 - Annual car usage – 10K kms
 - Avg tyre age – 5 years
 - 5 tyres per car user
 - Avg tyre purchase = 5 tyres/5 years = 1 tyre/ year

Structure/ Framework



Key Takeaways

Candidate used 2 different approaches for 2 sub parts of the same problem – demand side for personal cars and supply side for commercial cars.

Switch Board Manufacturer Revenue

Guesstimate | Hard | Kearney



Let's do a case. I want you to forecast revenue for a switch board manufacturer.

I would like to ask a few questions first. Where is the company located? Where does it sell its products?

The company is located in Kerala. It only sells its products in the state of Kerala.

What are the different products produced by the company? How many different types of switches, residential, commercial, high voltage industrial, low voltage industrial to be used in electrical appliances or equipment's, etc.?

For the case, let's focus on residential.

Okay. What kind of customers does it have? Does it have direct tie-ups with builders? What all channels does it sell its products through – exclusive outlets, distributors?

It has direct tie-ups and also a wide distribution network in Kerala.

How many competitors in Kerala against the company? What is the probable market share?

Very few competitors. 50% market share in residential segment.

Alright. Give me a minute while I frame my thoughts.

Sure.

Revenue is a function of value, variety and volume. I would like to first focus on volume. So, assuming a population of 3 Cr in Kerala and an average family size of 4, there are almost 75 lakh households. Out of these I can assume 20% don't have proper accommodation as they are below poverty line. I would like to categorize the remaining 60 lakhs in different categories based on house ownership.

Go ahead.

I assume a class division like: Upper Class (10%), Upper Middle Class (25%), Lower Middle Class (45%) and Below Poverty Line (20%). I further assume the type of residential accommodation people of different classes use. Are you fine with these assumptions? (shown on the next page)

Please go ahead.

Combining the above assumptions:

$$\#Bedrooms = 75,00,000 * [4*(10\%) + 3*(25\%) + 2*(45\%)] = 1,53,75,000$$

$$\#Kitchens = 75,00,000 * [1*(10\%) + 1*(25\%) + 1*(45\%)] = 60,00,000$$

$$\#Restrooms = 75,00,000 * [3*(10\%) + 2*(25\%) + 2*(45\%)] = 1,27,50,000$$

$$\#Balcony = 75,00,000 * [2*(10\%) + 1*(25\%) + 1*(45\%)] = 67,50,000$$

Go ahead.

I will assume that each bedroom, kitchen, restroom, and balcony will have 2,1,1, and 1 low voltage switch boards respectively. The same number for high voltage switchboard (used for running appliances etc.) will be 1,1,1, and 0. Does this seem fine to you?

So, based on above methodology we arrive at

$$\#lv_boards = 5,61,53,75,000 * 2 + 60,00,000 * 1 + 12,750,000 * 1 + 67,50,000 * 1 = 5,62,50,000$$

$$\#hv_boards = 3,41,25,000$$

Fine. Don't you think you are missing something?

I will include two more.

Allowance for housing societies which have lighting in corridor as well = 6% (an additional factor of 20% for 30 people who reside in housing societies, as in Kerala most of the people (70%) reside in independent houses).

Allowance for new housing starts = 10%. Is this fair to assume?

Go ahead.

What is the average price for each type of switch board? And what is the average life?

Rs. 150 for high voltage and Rs. 200 for low voltage. Average life is 5 years.

Revenue: $[5,62,50,000 * 200 + 3,41,25,000 * 150] * 1.06 * 1.1 * (50\% \text{ mkt share}) / 5 = 190 \text{ Crores}$

Great. I think you have done a fair job.



Case Statement

- Switch boards market share of 50% in Kerala in residential segment
- Two types of boards – high voltage and low voltage
- Estimate annual revenue

Interviewee Notes

- 4 divisions – Upper, Upper Middle, Lower Middle, Below Poverty Line
- 4 places to find switch boards in residences: bedrooms, kitchens, restrooms, balconies

Structure/ Framework

	Bedrooms	Kitchens	Restrooms	Balconies
Upper Class	4	1	3	2
Upper Middle Class	3	1	2	1
Lower Middle Class	2	1	2	1
Below Poverty Line	-	-	-	-

Key Takeaways

- Breakdown the problem where all you can find switch boards in residences
- Pay attention to market share of the manufacturer and average life of the product

Snow Melting Liquid

Guesstimate | Moderate | McKinsey



Case Statement: Our client has invented a new Snow Melting Liquid Chemical and we need to estimate the amount of annual consumption to get a total addressable market.

I have a few preliminary questions before I jump into the guesstimate, where exactly is the liquid used and which geography are we talking about?

The chemical is used to melt accumulated snow. We would like to look at US.

Sure, I'll take a minute to come up with an overall approach.

Sure.

So, the way I'd like to estimate this is based on 1st the amount of snow that needs to be melted multiplied by amount of chemical needed per unit snow. For amount of snow, I believe this chemical will not be used for smaller amounts of snowfall, but only when we see a certain significant amount of snowfall happen. So, we would see how many days on an average in winter months experience such heavy snowfall, and the inches of snow that need to be melted multiplied by the share of area in US experiencing heavy snowfall. There would also be the factor of percentage of area where snow needs to be melted as a lot of area will be buildings or uninhabited and would not require melting snow. Does that sound ok?

That sounds like a good approach. Let's calculate this.

Sure. I am not aware of the area of US. I would guess it is about three times the area of India. For estimating the area of India, I say we have an approximate kite or rhombus shape with N-S and E-W lines as diagonals. For N-S distance, I've flown from Delhi to Mumbai in ~2hours and with a speed of 500km/hr for an airplane, that is approximately 1000Km. This should be about one-third the N-S distance between top of J&K and Kanyakumari in the south. The flight from Mumbai to Kolkata was about 3 hours. The E-W distance would be 1.5 times this. Hence, we have diagonals

of approximately 3000Km and 2200Km. This gives area of India as $(1/2)*3000*2200 = 3.3\text{Mn sq. Km}$. Area of US = 10Mn sq. Km . I'd say about 2-3rd of US experiences heavy snowfall, is that correct? Also, I'm not sure what amount of snow warrants the use of chemical and how often that much snowfall would happen.

Let me help you with some data here. You could assume 60% of the area of US where chemical will be used, this includes your area by climatic conditions and inhabited area. 10mL of chemical is used to melt 1 cubic meter of snow and its typically used for days experiencing snowfall over 50cm which is about 40 days in the year.

Sure. So, this gives us about 1400 billion liters of chemical as the total addressable market for the chemical on an annual basis. (Calculations in chart on next page). Is there anything else you'd like me to consider.

That sounds comprehensive. We can close the case now.

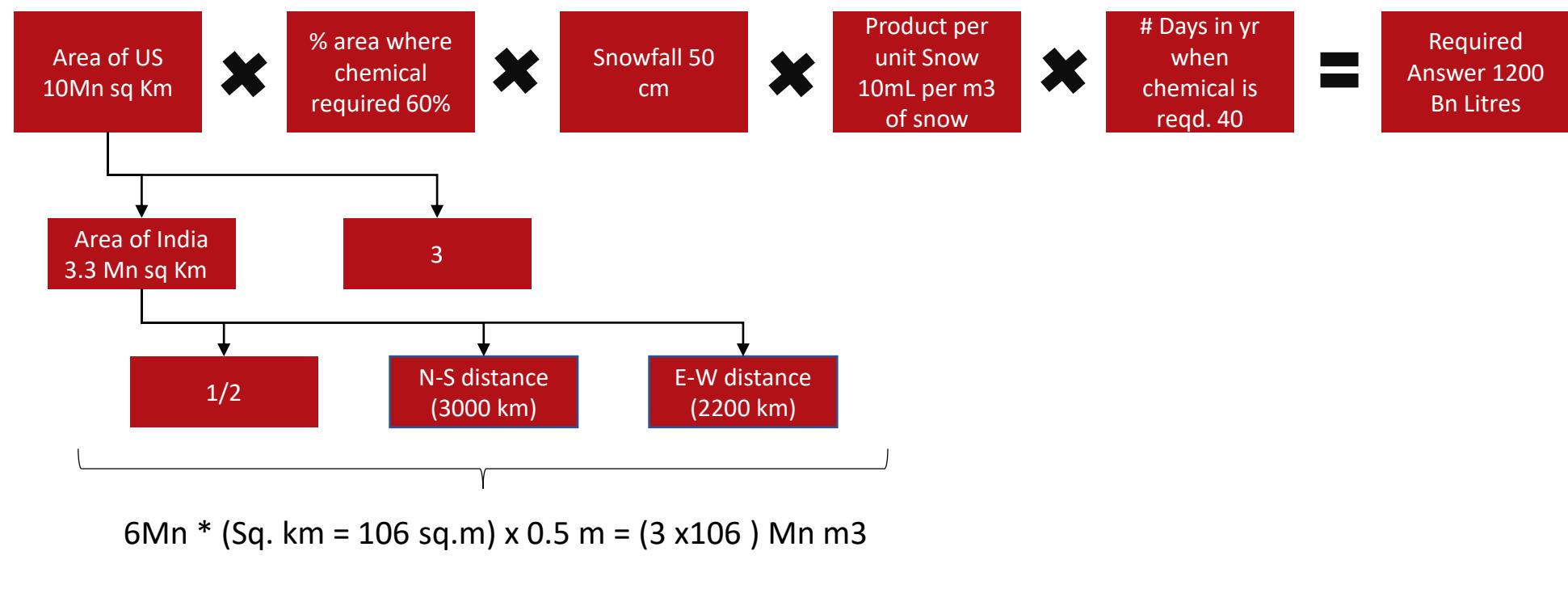
- Estimate the amount of Snow Melting Liquid Chemical used annually

Case Statement

Interviewee Notes

- US area ~ 3x India
- Snow melting chemical used 40 days in a year when snowfall > 50 cm
- % area where chemical required x %area experiencing snowfall x %area where snow needs to be melted

Structure/ Framework



Key Takeaways

- Use proxy and ask for more information when not aware of geographic or any other specifics.



Case Statement : Guesstimate the annual demand for automated vacuum cleaners in India.

It sounds interesting. Can you please explain what an automatic vacuum cleaner means? Is it something like a vacuum cleaner, which moves around and cleans automatically.

Correct. Assume that it is a new sensor-based vacuum cleaner which cleans the floor automatically. This is the first time it is being launched in India.

So, before starting with the analysis, I would like to ask a few clarifying questions to get a better understanding about the product and our client. Is that okay?

Sure, go ahead.

Do we have any information about the company which is launching the product and the price point?

You can assume it to be around INR 10 – 20K and its being launched by a foreign major.

Which geography is being targeted and what are the channels of sales?

The company is targeting pan India and the sales channel is online for first few years.

So just to summarize, I need to estimate the annual demand of a new automated vacuum cleaner in India which is to be sold online. So, the approach I want to go ahead with is to split the demand into two: domestic and institutional sales.

That sounds great, let's move into domestic sales first.

So, in domestic, I would like to calculate the number of households in India. Taking 1.3 billion as the population of India and the average household size to around 4, we get around 30 Cr households in India. And dividing it in rural and urban in 2:1 proportion, we get 10 Cr urban households and 20 Cr rural households. Within urban I would like to subdivide in income classes, and an assumption can be made that the rural demand will be zero as it is an expensive new automatic product from a foreign player.

Yes, you can ignore the rural segment.

Amongst the 10 Cr urban households, we can assume that upper, middle and lower class are in the ratio of 1:5:4. This gives us 1 Cr upper class, 5 Cr middle class and 4 Cr lower class urban households. I would now like to assume a conversion factor to get the demand for the vacuum cleaners. We can say that something around 50 % of urban upper class and around 20% of urban middle class will be looking forward to buy this product. Given the price point lower class people would not be interested. Are the assumptions fine with you or do we have any specific data on this?

Yes, that's perfect. Give a final number and some comments.

So, this gives us a demand of 1.5 Cr automatic vacuum cleaners. However, this is just an estimate for first year. For any other average year, we need to divide it with the life of the product. And the sales would also depend on the marketing of the product.

That's perfect. Can you just tell an approach for finding the institutional demand.

For institutional demand, we can estimate the working population, multiply it with the office surface area required per person and then calculate the vacuum cleaners required for cleaning the surface.

Can you think of any other approach for institutional demand ?

Yeah, we can start with Fortune 500 or any other dignified list of companies and see how many offices do they have in India and then find the demand. These companies will probably be the early adopters for this expensive new technology.

Thanks. It was nice speaking to you. We can end the case over here.

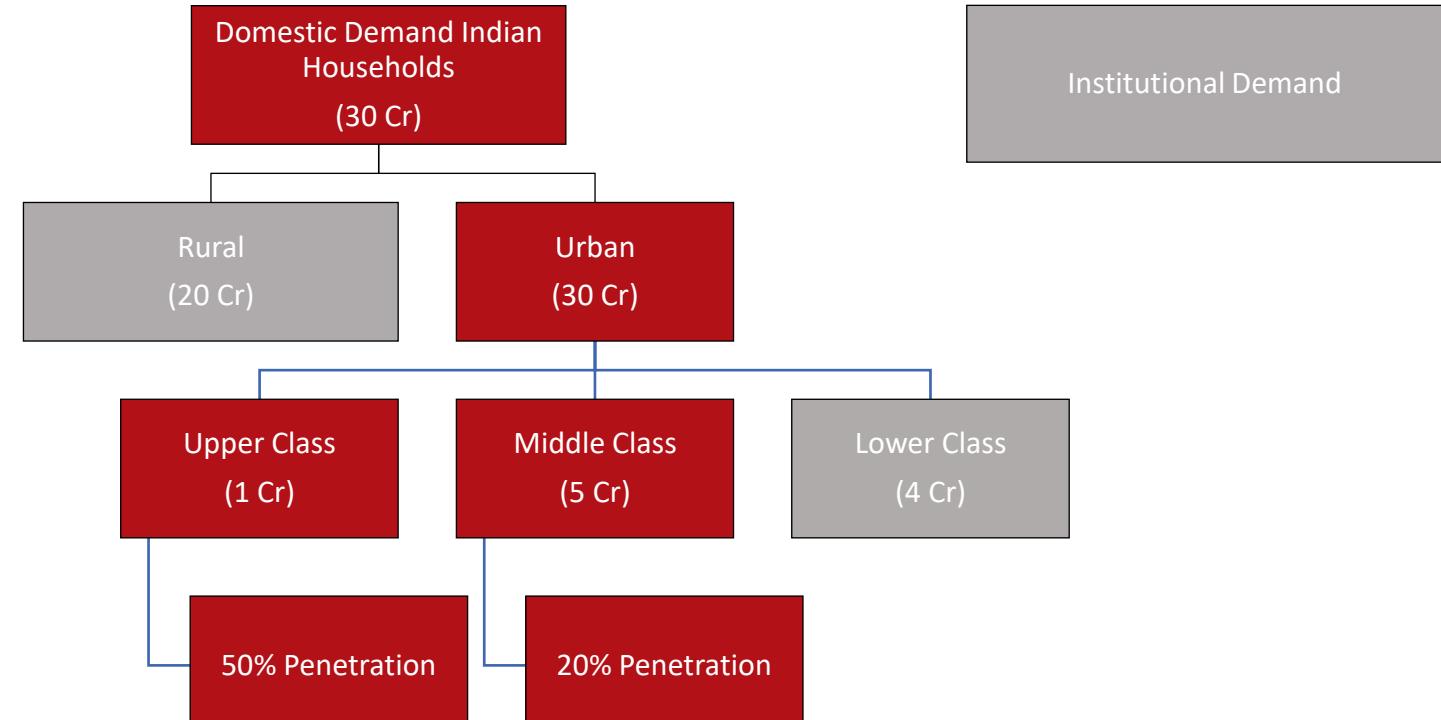
Case Statement

- Client is looking to launch automated vacuum cleaners pan-India
- Price point is around INR 10-20K
- Client is a foreign MNC.

Interviewee Notes

- Divided into Domestic Demand and Institutional Demand
- For domestic demand, India household: 30 Cr (130 Cr population/ 4 people in household)
- Ignore rural segment.

Structure/ Framework



Key Takeaways

- Clarify the problem statement clearly, especially for novel products.
- Keep validating your assumptions with the interviewer as you proceed.
- Since the domestic demand approach was explained clearly with numbers, institutional demand was explained qualitatively.

Sugar Consumption

Guesstimate | Easy | Strategy&



We want to reduce sugar consumption of our employees. Can you help us, do it?

Sure. Can you please clarify in which office you want to reduce sugar consumption?

In Gurgaon Office

Is there any specific reason for doing so?

We have conducted a survey and found out that a lot of our employees are struggling with chronic illness such as diabetes and we have taken a wellness and health initiative to tackle this. Reducing sugar consumption is the starting point.

(After taking 1 minute) I want to start by estimating the consumption of sugar in Gurgaon Office. Are we concerned only about sugar in beverages, or do I need to consider other sugary foods such as confectionary items as well?

Consider only tea and coffee.

Sugar consumption = # of employees * % of beverage drinkers * # of cups/person/day * # of sugar sachets/cup

Do we have any data on any of these?

We have 3 floor in our Gurgaon office. For now, let us consider only one floor. No. of employees are on this floor are 360 and 60% drink tea and 30% drink coffee.

So that means there are 32 coffee, 43 tea drinkers and 36 drink neither. Do we have any data on the distribution of no. of cups of coffee that these people drink per day.

40% drink 1 cup/day, 30% 2 cups/day and 30% 3 cups/day.

43 people drink 1 cup /day, 32 2 cups/day and 32 3 cups/day, therefore total no. of cups of coffee/day is 203. I am taking this as 200 cups/day. Generally, sugar is added separately in offices, especially in coffee. Do we have any data on no. of sachets of coffee each person intakes?

Yes, we have info on that. 50% 1 sachet/cup, 40% 2 sachet/cup and 10% 0 sachet/cup.

Dividing 200 cups/day based on sugar sachet we get 260 sachets of sugar per day.

This looks fine. Now since you have an idea about sugar consumption on a floor, can you recommend some solution.

In short term, company can reduce the availability of sugar sachets. Company can introduce lockbox to keep sachets. It can be opened only through employee id to keep count of no. of sachets an employee consumed and will be incentivized for reducing the monthly intake. Further, healthier alternatives for sugar can be provided to employees.

In the long term, the culture can be changed by conducting regular sessions on health by experts.

Thanks, we can conclude the case here.

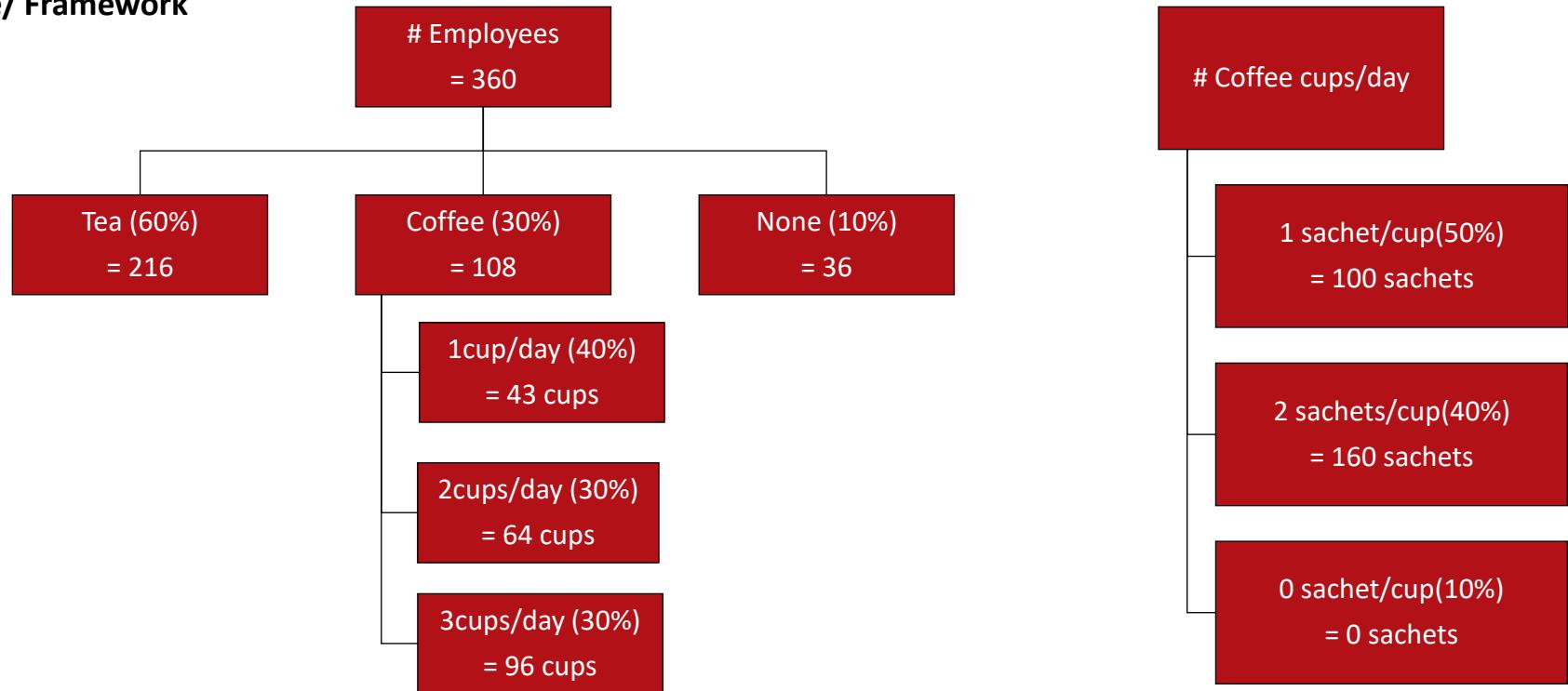
Case Statement

- Client wants to reduce the sugar consumption of employees
- Identify the sources of sugar intake and suggest possible ways to reduce it

Interviewee Notes

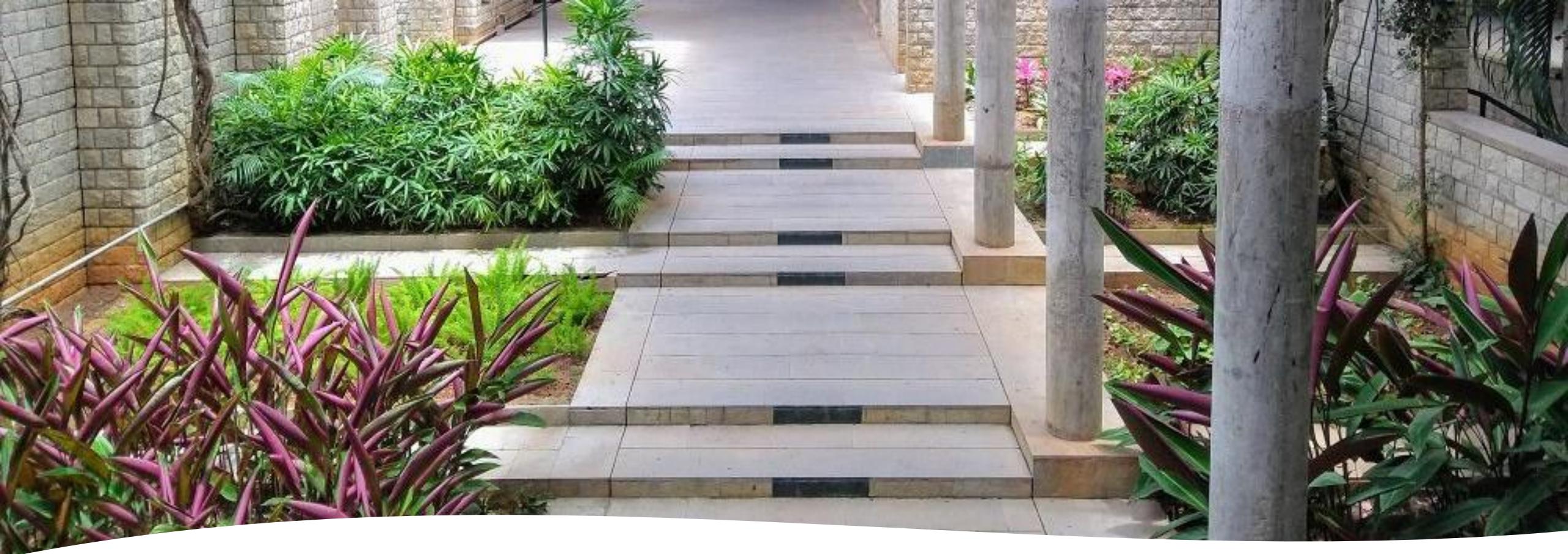
- Sugar consumption = # of employees * % of beverage drinkers * # of cups/person/day * # of sugar sachets/cup
- Suggest both long term and short-term options to reduce the sugar consumption of the employees

Structure/ Framework



Key Takeaways

- Breakdown the problem into subparts at the starting of the solution to make the calculations easier
- Ask for relevant data points from the interviewer when needed



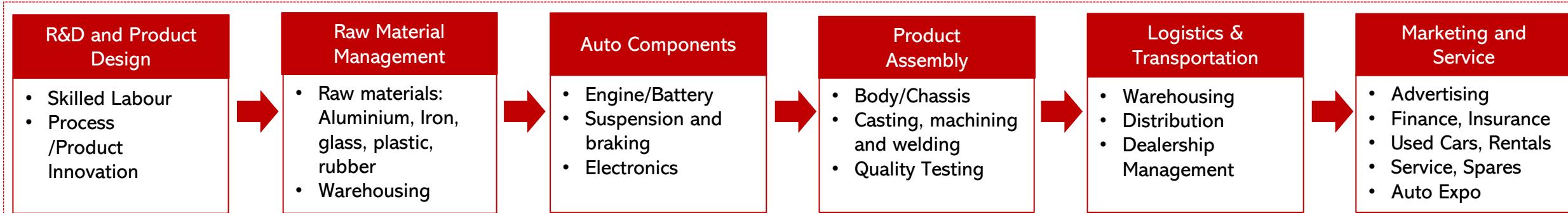
IIMB Industry Reports

2022-23



Industry Forces	Key Drivers	Market Trends (elaborate data/points)												
<ul style="list-style-type: none"> Supplier Power: (High). Aircraft and engine producers are concentrated oligopolies Barriers to Entry: High. High CAPEX, cost intensive and need for economies of scale. Threat of Substitutes: (Medium) Fast Trains, Video conferencing reducing need for business travel etc. Buyer Power: (High) Low switching costs for most customers since relatively standardized service Rivalry: (High) Limited differentiation and opportunities for economies of scale 	<table border="1"> <thead> <tr> <th>Revenue</th><th>Cost</th><th>Growth</th></tr> </thead> <tbody> <tr> <td>Passenger tickets, inflight sales</td><td>Aviation fuel (40%)</td><td>Post-COVID trade and tourism</td></tr> <tr> <td>Freight services, other VAS</td><td>Equipment rentals, hangar cost (15%)</td><td>Rising disposable incomes</td></tr> <tr> <td>Tours and packages</td><td>Maintenance and overhaul (10%)</td><td>Government policies</td></tr> </tbody> </table>	Revenue	Cost	Growth	Passenger tickets, inflight sales	Aviation fuel (40%)	Post-COVID trade and tourism	Freight services, other VAS	Equipment rentals, hangar cost (15%)	Rising disposable incomes	Tours and packages	Maintenance and overhaul (10%)	Government policies	<ul style="list-style-type: none"> Robust Demand: Rising working group and widening middle class demography is expected to boost demand Opportunities in MRO: Expenditure in Maintenance, Repair & Overhaul (MRO) accounts for 12-15% of the total revenues – it is the second-highest expense after fuel cost. By 2031, the MRO industry is likely to grow over \$4 billion from \$1.7B in 2021 Policy Support: Foreign investment up to 49% is allowed under the automatic route. Under Union Budget 2021-22, the government lowered the custom duty from 2.5% to 0% on components or parts, including engines, for manufacturing of aircrafts by the MoD. Increasing Investments: Investment to the tune of INR 420-450 billion is expected in India's airport infrastructure in the next 3 years UDAN: Under this regional connectivity scheme, airfare for a one-hour journey of 500 km has been capped at INR 2500 Public-Private Partnerships: \$3 billion investment in greenfield airports in Navi Mumbai and Goa
Revenue	Cost	Growth												
Passenger tickets, inflight sales	Aviation fuel (40%)	Post-COVID trade and tourism												
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Tours and packages	Maintenance and overhaul (10%)	Government policies												
Industry Challenges	Useful Links/Reports	Industry Dynamics												
<ul style="list-style-type: none"> High fuel prices – account for 40% of costs Government policies and interference to keep a cap on the ticket prices Growing climate change awareness leading to lesser demand Post COVID travel hesitation in certain sections of the society Financing - High capex, opex industry 	<p>Industry Reports</p> <ul style="list-style-type: none"> IBEF Report Invest India Report 	<table border="1"> <thead> <tr> <th>Key Customer Segment</th><th>Growth</th></tr> </thead> <tbody> <tr> <td>Passenger - Domestic</td><td>11-12%</td></tr> <tr> <td>Passenger - International</td><td>9-10%</td></tr> <tr> <td>Freight</td><td>7-8%</td></tr> </tbody> </table>	Key Customer Segment	Growth	Passenger - Domestic	11-12%	Passenger - International	9-10%	Freight	7-8%				
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Automobile Industry

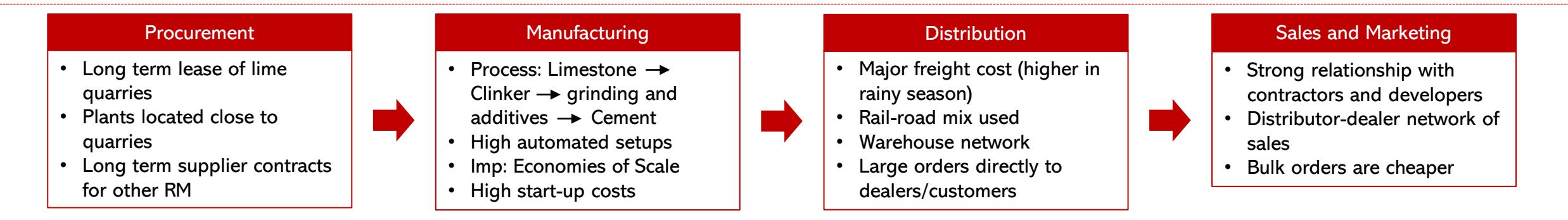


Industry Forces	Key Drivers	Key Market Trends												
<ul style="list-style-type: none"> • Barriers to entry (High): capital costs, distribution network, and availability of automobile components. • Bargaining power of suppliers (Low): stiff competition • Bargaining power of customers (Very high): due to availability of options. • Threat of Substitutes (Medium): Increasing shared mobility options and improving public transport • Rivalry (High): Competition from established international and domestic brands 	<table border="1"> <thead> <tr> <th>Revenue</th><th>Cost</th><th>Growth</th></tr> </thead> <tbody> <tr> <td>Automobile Sales</td><td>Raw Material</td><td>Increasing Exports</td></tr> <tr> <td>After Sales Service</td><td>Labour</td><td>Policy Support</td></tr> <tr> <td>Financing services</td><td>Advertising</td><td>Robust R&D Centres</td></tr> </tbody> </table>	Revenue	Cost	Growth	Automobile Sales	Raw Material	Increasing Exports	After Sales Service	Labour	Policy Support	Financing services	Advertising	Robust R&D Centres	<ul style="list-style-type: none"> • India is the 5th largest Automobile market in the world • Transitioning towards electric vehicles: expected to witness a CAGR of 44% to reach \$150B mkt by 2030 • Bharat Stage (BS) - VI norms: India aims to reduce its carbon footprint by 33-35% by 2030 • Positive GST impact: Reduction in the overall cost structure of Indian Automobile industry • Policy Support: Atmanirbhar Bharat Abhiyaan, Automotive Mission Plan 2026 to promote manufacturing, export-linked fiscal incentives, Voluntary Vehicle Fleet Modernization Programme, FAME II policy for EV adoption • Market Developments: Organized pre-owned car market, shared mobility ecosystem • Covid Impact: <ul style="list-style-type: none"> ◦ shortage of raw material and semi conductors ◦ shifting of production to other countries, ◦ liquidity crunch ◦ preference for private ownership of vehicles ◦ shrinkage in consumer demand due to WFH
Revenue	Cost	Growth												
Automobile Sales	Raw Material	Increasing Exports												
After Sales Service	Labour	Policy Support												
Financing services	Advertising	Robust R&D Centres												

Industry Challenges	Useful Links/Reports	Industry Dynamics								
<ul style="list-style-type: none"> • Increasing commodity prices impacting production costs and utilization levels • Semiconductor crisis and lack of domestic supply limiting the pace of production • High sales dependence on domestic market and Indian Economic cycle (declining share of exports) • Chronic trade deficit in auto parts, industry 	<p>Industry Report</p> <ul style="list-style-type: none"> • IBEF- Automobiles • Invest India – Automobiles • IBEF - EV 	<table border="1"> <thead> <tr> <th>Key Segment</th><th>Share</th></tr> </thead> <tbody> <tr> <td>2 Wheelers</td><td>80%</td></tr> <tr> <td>Passenger Vehicles</td><td>15%</td></tr> <tr> <td>Commercial Vehicles</td><td>3%</td></tr> </tbody> </table>	Key Segment	Share	2 Wheelers	80%	Passenger Vehicles	15%	Commercial Vehicles	3%
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Cement Industry



Industry Forces	Key Drivers	Market Trends (elaborate data/points)												
<ul style="list-style-type: none"> Supplier Power: Low. Companies opt for backward integration, weakening supplier power. Barriers to Entry: High. High CAPEX, fixed costs and need for economies of scale. Threat of Substitutes: Low. No product exists to date that can substitute cement effectively. Only quantity can be varied. Buyer Power: Low. Low substitutability, oligopolistic market. Rivalry: Moderate. Concentrated market. 	<table border="1"> <thead> <tr> <th>Revenue</th><th>Cost</th><th>CAPEX</th></tr> </thead> <tbody> <tr> <td>Sale of cement (98%)</td><td>Transportation costs (30%)</td><td>Plant & Machinery (40%)</td></tr> <tr> <td>Interest Income (2%)</td><td>Power & Fuel costs (20%)</td><td>Land (20%)</td></tr> <tr> <td></td><td>Material cost (20%)</td><td>Captive power plant (10%)</td></tr> </tbody> </table>	Revenue	Cost	CAPEX	Sale of cement (98%)	Transportation costs (30%)	Plant & Machinery (40%)	Interest Income (2%)	Power & Fuel costs (20%)	Land (20%)		Material cost (20%)	Captive power plant (10%)	<ul style="list-style-type: none"> India is Second Largest producer and consumer of cement in world. Market Size: Cement sales in India stood at USD 9.05B in FY20. Industry Growth: India's cement production is expected to increase at a CAGR of 5.65% and cement consumption to grow at a CAGR of 5.68%. Increasing Investment: FDI investment in cement industry reached USD 5.24B. National Infrastructure Pipeline introduced projects worth USD 14.59B in next 5 years. Union budget for MoRTH stood at USD 27B. Innovation: Carbon neutrality goals by cement companies. Implementation of carbon capture (CCUS) units. Import: USD119. 83 growing at 0.42% CAGR. Export: India's export of various grades of cement stood at USD 118.15M. Countries exported to: Sri Lanka, Nepal, US, UAE, Bangladesh.
Revenue	Cost	CAPEX												
Sale of cement (98%)	Transportation costs (30%)	Plant & Machinery (40%)												
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	Material cost (20%)	Captive power plant (10%)												
Industry Challenges	Useful Links/Reports	Industry Dynamics												
<ul style="list-style-type: none"> Reduction in CO2 emissions and use of clean energy in production and logistics. High Lending rates by banks hinders growth as High CAPEX required in cement industry. High Tariffs like high excise duty, sales tax, royalty on limestone and coal hinders demand. Limitations in rail and road transport. 	<ul style="list-style-type: none"> Cement Industry insights <ul style="list-style-type: none"> McKinsey Report Industry Report <ul style="list-style-type: none"> IBEF 	<table border="1"> <thead> <tr> <th>Key Customer Segment</th><th>Share</th></tr> </thead> <tbody> <tr> <td>Housing and Real Estate</td><td>68%</td></tr> <tr> <td>Infrastructure</td><td>22%</td></tr> <tr> <td>Industrial Development</td><td>10%</td></tr> </tbody> </table>	Key Customer Segment	Share	Housing and Real Estate	68%	Infrastructure	22%	Industrial Development	10%				
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Key Drivers			Porter's Five Forces			Market Trends		
Revenue	Cost	Growth						
Sales Commission	Platform fee	Tier 2 & 3						
Private Labels	Inventory and supply chain costs	Government policies						
Listing fee & customer EMIs	Promotion/Marketing	Internet penetration and online payment						

Key Performance Indicators		Industry Challenges	
Fill Rate: How many items out of the ordered are delivered			
OTIF (On Time In Full): A stricter measure than fill rate, includes timely delivery along with fill rate			
Funnel metrics: Number of people dropping at different stages of customer journey, download, bounce rate, cart abandonment			
CLV: Cust Lifetime Value, measures total spend of customer on the platform			
SWOOS: Sales weighted out of stock			

Financial Services – Asset Management



Key Performance Indicators

Asset management refers to the management on others' behalf. It is built on the notion that future is somewhat predictable, although it is not.

- Portfolio:** Set of investments owned and managed as a collective whole with specific investment goals.
- AUM:** Asset Under Management - total market value of the financial assets which a financial institution controls
- Net Asset Value (NAV):** Value of mutual fund share (fund's total assets-fund's liabilities)/outstanding shares.
- Asset class:** Securities with similar features e.g., stocks, bonds, cash equivalents, etc.
- Capital gain/loss:** The difference between a security's purchase price and its selling price
- Growth investing:** Investment strategy that focuses on stocks of companies and stock funds with rapid growth
- Value investing:** Purchasing equity securities that you believe are selling below estimated true value

Revenue & Cost Drivers

Revenue drivers:

- Management charges:** Charged on each Portfolio Management Services (PMS) quarterly or annually
- Profit sharing:** Fixed percentage on any profit made by asset management company
- Entry load:** One time fee of ~3% at the time of purchasing PMS
- Others:** Custodian fee, commission & transaction fee, demat account charges, etc.

Cost drivers:

- Branch operation
- Maintenance of communication and IT infrastructure
- Market schemes implementation
- Partnership management
- Salary and employee benefits cost of staff

Key Market Trends

Current market trends:

- ESG (Environmental, Social and Governance) investing is making asset managers offer new products and modify their operations to deliver them.
- Global asset manager are investing heavily in data strategy, artificial intelligence and digitization.

Future market trends/growth prospects:

- Consolidation through M&A: By 2030 the industry will have a small club of giant asset managers and a bigger one of niche managers.
- Competition will revolve around products for particular needs e.g., products for retired vs. those for millennials
- Fed instructed banks to stop writing LIBOR contracts by 2021 end. SOFR (Secured Overnight Financing Rate) will replace LIBOR by June 2023.

Post Covid Impact:

- Increased focus on cost optimization specifically location strategy to downsize office space

Financial Services – Banking



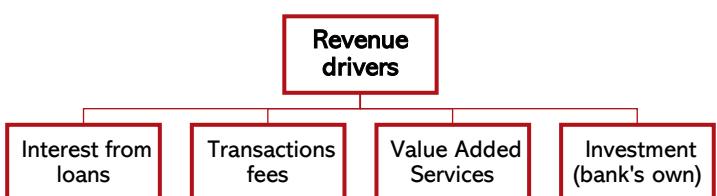
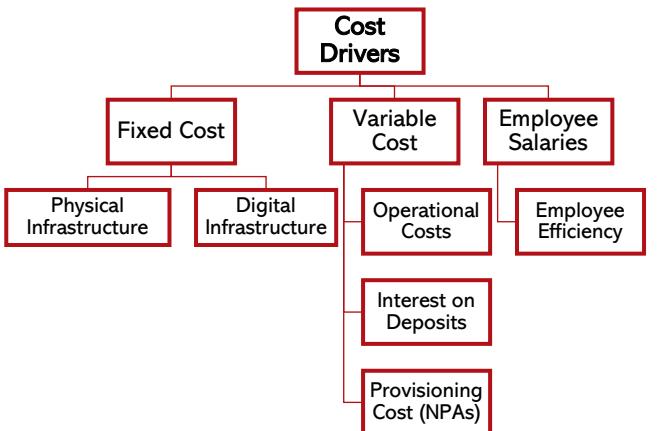
Key Performance Indicators

- Net Interest Margin (NIM):** The difference between the interest income earned and the interest paid by a bank relative to its interest-earning assets like cash
- Current Account Savings Accounts (CASA):** Type of non-term deposit account. Has lower interest rate than term deposits & is a cheaper source of funds for banks
- Gross Non-Performing Assets (GNPA):** The total value of non-performing assets in a particular time period.
- CRR/SLR:** Percentage of cash reserves/liquid assets that the bank must maintain which guarantees solvency

Porter's Five Forces

- Supplier's power (Low):** Money supply controlled by RBI
- Buyer's power/Demand (Medium):** Increases with income, credit worthiness. Financial inclusions scheme for rural citizen
- Barriers to Entry (High):** Due to regulations and licensing mandates, investment in physical, digital infrastructure
- Competition (High):** High competition from NBFCs

Revenue & Cost Drivers

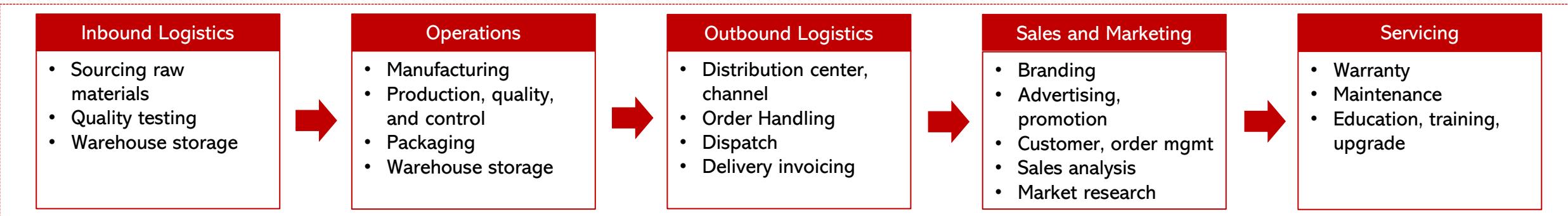


Key Market Trends

- Digitization:** Banking-As-A-Service platforms and open banking, increasing need to protect data, strengthen IT
- Consolidation:** Huge consolidation in public sector banks to improve capital efficiency & remain profitable
- NPAs & credit extension:** Increase in ratio of stressed assets and bad loans leading to slow down in lending.
- Post Covid Impact:** Difficult and slow recoveries, increased adoption of digital channels, greater cyber frauds

Segments & Key Players

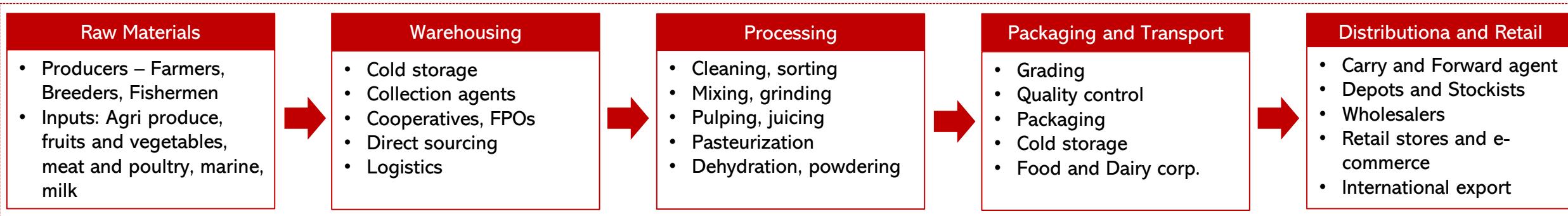
- Public Sector Banks:** SBI – largest market share (23%)
3rd largest bank in India by market cap (383,312 Cr)
- Other PSBs:** PNB, Bank of Baroda
- Privately Owned Banks (Indian):** HDFC – largest bank in India market cap (822,326 Cr), ICICI – 2nd largest by market cap. Others: Axis, IndusInd
- Foreign Banks:** Citibank, Standard Chartered, HSBC
- Rural Cooperative Banks:** Saraswat Co-op Bank – largest



Industry Forces	Key Drivers	Market Trends (elaborate data/points)												
<ul style="list-style-type: none"> Supplier Power: Low. Big companies control pricing, fragmented commodity supplier. Barriers to Entry: Moderate. Investment in distribution network, promotions, advertising. Threat of Substitutes: High. Narrow product differentiation, price war. Buyer Power: High. Low switching cost. Rivalry: High. Highly fragmented, strong brands at a discount 	<table border="1"> <thead> <tr> <th>Revenue</th><th>Cost</th><th>Growth</th></tr> </thead> <tbody> <tr> <td>Pricing</td><td>Raw material and processing cost</td><td>Shift to organized market</td></tr> <tr> <td>Promotion</td><td>Distribution</td><td>Growth of e-commerce</td></tr> <tr> <td>Distribution</td><td>Promotion</td><td>Rural consumption</td></tr> </tbody> </table>	Revenue	Cost	Growth	Pricing	Raw material and processing cost	Shift to organized market	Promotion	Distribution	Growth of e-commerce	Distribution	Promotion	Rural consumption	<ul style="list-style-type: none"> India's FMCG market is Fourth largest in world and major contributor to Indian economy. Market Size: FMCG market capitalization in FY20 was USD 110B. Urban market account for 55% and rural market account for 45%. Industry Growth: FMCG market is expected to grow at CAGR of 14.9% to USD 220B by 2025. Growth is driven by rural areas (14.2%), Tier 1 market (2.7%), metro market (0.8%). Increasing Investment: 100% FDI in food processing and single-brand retail and 51% in multi-brand retail. USD 20B FDI in FY21. Policy and Regulatory Framework: Relaxation of License rules, FDI in organized retail, SETU scheme. Imports: India imported FMCG products worth USD 58B in FY19. Exports: India exported FMCG products worth USD 145B. Top Import and export partner are Middle east, North Africa, Europe, North America.
Revenue	Cost	Growth												
Pricing	Raw material and processing cost	Shift to organized market												
Promotion	Distribution	Growth of e-commerce												
Distribution	Promotion	Rural consumption												
Industry Challenges	Useful Links/Reports	Industry Dynamics												
<ul style="list-style-type: none"> Regional Players: Region specific players with well connected value chain pose a threat to big FMCG players. Supply Chain: Small disruptions in supply chain can cause huge delays. Lack of Infrastructure: Lack of transportation and storage facilities especially for items with short shelf lives. 	<ul style="list-style-type: none"> Industry Insights <ul style="list-style-type: none"> McKinsey Report Industry Report <ul style="list-style-type: none"> IBEF 	<table border="1"> <thead> <tr> <th>Key Product Segment</th><th>Share</th></tr> </thead> <tbody> <tr> <td>Food and Beverages</td><td>19%</td></tr> <tr> <td>Healthcare</td><td>31%</td></tr> <tr> <td>Household and Personal care</td><td>50%</td></tr> </tbody> </table>	Key Product Segment	Share	Food and Beverages	19%	Healthcare	31%	Household and Personal care	50%				
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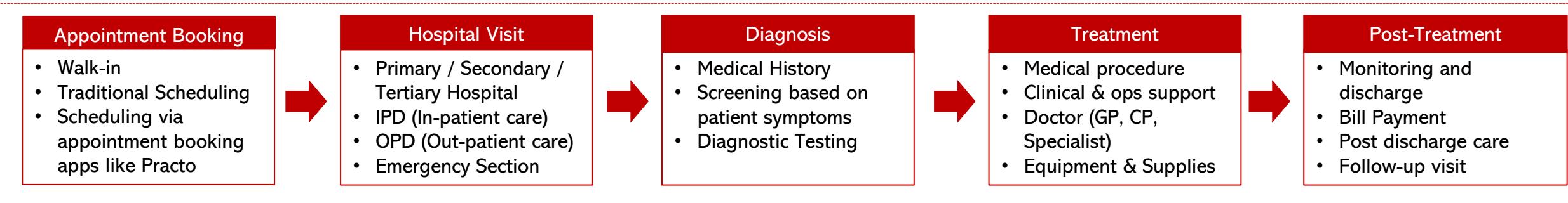


Food Processing Industry



Industry Forces	Key Drivers	Market Trends (elaborate data/points)												
<ul style="list-style-type: none"> • Supplier Power: Low. Big companies control pricing, fragmented commodity supplier. • Barriers to Entry: Moderate. Investment in distribution network, promotions, advertising. • Threat of Substitutes: High. Narrow product differentiation, price war. • Buyer Power: High. Low switching cost. • Rivalry: High. Highly fragmented, strong brands at a discount 	<table border="1"> <thead> <tr> <th>Revenue</th><th>Cost</th><th>Growth</th></tr> </thead> <tbody> <tr> <td>Sale of byproducts</td><td>Production cost (53%)</td><td>High consumer base</td></tr> <tr> <td>Sale of food and beverage produced</td><td>Processing (12%)</td><td>Conducive policies – PLI schemes</td></tr> <tr> <td></td><td>Distribution (7%)</td><td>Agri-commodity hub</td></tr> </tbody> </table>	Revenue	Cost	Growth	Sale of byproducts	Production cost (53%)	High consumer base	Sale of food and beverage produced	Processing (12%)	Conducive policies – PLI schemes		Distribution (7%)	Agri-commodity hub	<ul style="list-style-type: none"> • India is Largest milk and buffalo meat producer and second largest producer of fruits, vegetables, eggs, goat meat. • Market Size: Gross value addition of FPI in FY21 was USD 288.28B. Agriculture and allied sector contributes 20.2% to the GVA of total economy. 58% organized sector and 42% unorganized sector. • Industry Growth: FPI is expected to grow at 10% CAGR to USD 528.26B by FY27. • Increasing Investment: GOI has continued the umbrella PMKSY scheme with an allocation of USD 0.58B till FY26. 100% FDI allowed under automatic route in FPI. FDI equity flow in FY22 is USD 710M. Total FDI flow is USD 11B. • Growth Strategies Adopted: Increasing business and product innovation, low-cost pricing strategy, and joint ventures and tie ups with private and public players. • Import: India imported USD 21B worth processed food which was 5.3% of total imports in FY21. • Export: India exported USD 2.14+ to countries like USA, UAE, Malaysia, Nepal.
Revenue	Cost	Growth												
Sale of byproducts	Production cost (53%)	High consumer base												
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	Distribution (7%)	Agri-commodity hub												
Industry Challenges	Useful Links/Reports	Industry Dynamics												
<ul style="list-style-type: none"> • Supply chain gaps: Inadequate primary processing, storage and distribution facilities. • Seasonality: High seasonality in operations leading to low-capacity utilizations. • Institutional gaps: High dependency on APMC markets increases cost. • Lack of focus on quality and safety standard 	<ul style="list-style-type: none"> • Annual reports • Food Processing Industry - Annual Report • Industry Report • IBEF 	<table border="1"> <thead> <tr> <th>Key Product Segment</th><th>Share</th></tr> </thead> <tbody> <tr> <td>Meat, Fish, Fruits</td><td>40%</td></tr> <tr> <td>Grain Mill</td><td>11%</td></tr> <tr> <td>Beverages</td><td>25%</td></tr> <tr> <td>Dairy Products</td><td>5%</td></tr> </tbody> </table>	Key Product Segment	Share	Meat, Fish, Fruits	40%	Grain Mill	11%	Beverages	25%	Dairy Products	5%		
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Healthcare Services Industry



KPIs and Important Terminologies	Key Drivers	Market Trends (elaborate data/points)												
<ul style="list-style-type: none"> • ARPOB – Average Revenue Per Occupied Bed • ALOS – Average Length of Stay • Occupancy Ratio - % Bed utilization • Staff available per patient • GP – General Physician • CP – Consulting Physician • OOP – Out of pocket expenditure • IP – In-patient • OP – Out-patient 	<table border="1"> <thead> <tr> <th>Revenue</th><th>Cost</th><th>CAPEX</th></tr> </thead> <tbody> <tr> <td>Healthcare consultation & services</td><td>Salaries & HR costs</td><td>Infrastructure & Operational set-up</td></tr> <tr> <td>Diagnostic services</td><td>Infra & Equipment</td><td>Equipment Costs</td></tr> <tr> <td>Drug Sales</td><td>Consumables & utilities</td><td>Others</td></tr> </tbody> </table>	Revenue	Cost	CAPEX	Healthcare consultation & services	Salaries & HR costs	Infrastructure & Operational set-up	Diagnostic services	Infra & Equipment	Equipment Costs	Drug Sales	Consumables & utilities	Others	<p>Current market trends</p> <ul style="list-style-type: none"> • Healthcare sector expected to reach \$370B+ by the end of 2022 growing at a CAGR of 22% since 2016 • Rising instances of lifestyle diseases in urban areas boosting demand for specialized care • Growing medical tourism market due to availability of quality services at relatively low cost <p>Future market trends/ growth prospects</p> <ul style="list-style-type: none"> • Public private partnership models for establishing hospitals • Digitization of healthcare records via higher adoption of eHRs <p>Covid Impact</p> <ul style="list-style-type: none"> • Change in attitude towards personal health and hygiene, health insurance and medical check-ups • Adoption of digital technologies including telemedicine • Increase in healthcare budget allocation by 125%+ in 2021&2022.
Revenue	Cost	CAPEX												
Healthcare consultation & services	Salaries & HR costs	Infrastructure & Operational set-up												
Diagnostic services	Infra & Equipment	Equipment Costs												
Drug Sales	Consumables & utilities	Others												
Industry Challenges	Useful Links/Reports	Industry Dynamics												
<ul style="list-style-type: none"> • Lack of Infrastructure like well-equipped medical institutes & hospitals • Skilled manpower shortage: Includes doctors, nurses, paramedics, and primary healthcare workers • High Out of Pocket expenditure- More than 2/3rd expenses paid by the patient 	<p>Industry Report</p> <ul style="list-style-type: none"> • IBEF • Invest India 	<table border="1"> <thead> <tr> <th>Key Segment</th><th>Top Players</th></tr> </thead> <tbody> <tr> <td>Primary Care</td><td>Apollo</td></tr> <tr> <td>Secondary Care</td><td>Fortis</td></tr> <tr> <td>Tertiary Care</td><td>Narayana</td></tr> </tbody> </table>	Key Segment	Top Players	Primary Care	Apollo	Secondary Care	Fortis	Tertiary Care	Narayana				
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Hospitality Industry



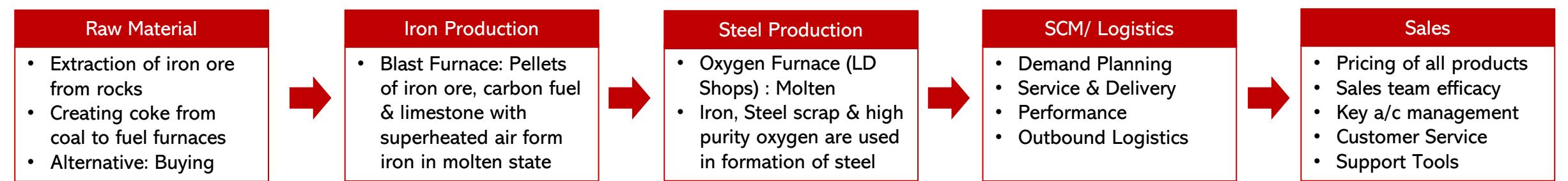
Industry Forces	Key Drivers	Market Trends (elaborate data/points)												
<ul style="list-style-type: none"> • Supplier Power: Low. No over-powered monopolistic suppliers in any aspect • Barriers to Entry: High. High CAPEX, fixed costs and need for economies of scale. • Threat of Substitutes: High. Low switching costs and large number of alternatives from new age startups like Oyo, Airbnb etc. • Buyer Power: High. Low switching costs, consumer wants the cheapest alternatives • Rivalry: High. Lots of competitors across all segments 	<table border="1"> <thead> <tr> <th>Revenue</th><th>Cost</th><th>CAPEX</th></tr> </thead> <tbody> <tr> <td>Room Tariffs (60%)</td><td>Salaries (40%)</td><td>Construction Costs (40%)</td></tr> <tr> <td>F&B (35%)</td><td>Consumables (30%)</td><td>Land (25%)</td></tr> <tr> <td>Events (10%)</td><td>Maintenance (10%)</td><td>Furnishings (20%)</td></tr> </tbody> </table>	Revenue	Cost	CAPEX	Room Tariffs (60%)	Salaries (40%)	Construction Costs (40%)	F&B (35%)	Consumables (30%)	Land (25%)	Events (10%)	Maintenance (10%)	Furnishings (20%)	<p>Current market trends</p> <ul style="list-style-type: none"> • India is the world's 10th largest tourism economy in terms of contribution to GDP • Industry has seen increase in ARRs by 6-8% y-o-y basis low demand post covid • Cyclical and seasonality: This sector is highly influenced by positive cycles and peak seasons which observe higher revenue and occupancy rate <p>Emerging Themes/Trends</p> <ul style="list-style-type: none"> • Health safety concerns lead to adoption of contactless hospitality like mobile check-in services, etc. • Focus on sustainability led by high customer awareness from smart bulbs to sustainable materials • Leisure & luxury tourism picking up pace
Revenue	Cost	CAPEX												
Room Tariffs (60%)	Salaries (40%)	Construction Costs (40%)												
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Industry Challenges	Useful Links/Reports	Industry Dynamics								
<ul style="list-style-type: none"> • Post COVID travel hesitation in certain sections of the society • WFH leading to reduced business travel • Shortage of skilled employees • High turnover of quality workforce • Maintaining profitability amidst the ever-increasing expectations from guests about offerings and service quality 	<ul style="list-style-type: none"> • Industry Report <ul style="list-style-type: none"> • IBEF - Tourism & Hospitality 	<table border="1"> <thead> <tr> <th>Segmentation by type</th><th>Share</th></tr> </thead> <tbody> <tr> <td>Independent/Unbranded</td><td>70%</td></tr> <tr> <td>Branded/Chains</td><td>10%</td></tr> <tr> <td>Start-ups (Oyo etc)</td><td>10%</td></tr> </tbody> </table>	Segmentation by type	Share	Independent/Unbranded	70%	Branded/Chains	10%	Start-ups (Oyo etc)	10%
Segmentation by type	Share									
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Insurance Industry



Porter's Five Forces	Key Drivers	Market Trends (elaborate data/points)									
<ul style="list-style-type: none"> Supplier Power: High. Supplier being the distributor have customer database Barriers to entry: High. Overall threat is high given that entry is subject to license and regulations Threat of substitute: High. Similarity in services makes switchover a potent threat Buyer Power: High. They have multiple options available Rivalry: High. Multiple players are there with customized offerings 	<table border="1"> <thead> <tr> <th>Revenue</th><th>Cost</th><th>Growth</th></tr> </thead> <tbody> <tr> <td>Premiums collected</td><td>Claims paid Product Development, mkt and sales support</td><td>Insurtech partnerships New Models, personalized products</td></tr> <tr> <td>Investment income (interest income)</td><td>Operating and IT support</td><td>AI & Automation for faster claims</td></tr> </tbody> </table>	Revenue	Cost	Growth	Premiums collected	Claims paid Product Development, mkt and sales support	Insurtech partnerships New Models, personalized products	Investment income (interest income)	Operating and IT support	AI & Automation for faster claims	<ul style="list-style-type: none"> India Insurance market stands at \$131 Bn as of FY22. The Indian insurance industry grew at a CAGR of 17% over the last two decades Life Insurance penetration has been poor in India (~3%)... $\text{Penetration} = \text{premiums}/\text{GDP}$ Digital adoption: The share of digital premium collection in retail insurance (life + general) rose from a negligible level in FY15 to ~4% (or US\$1.3bn) in FY20 and could grow 12x to US\$16bn by FY25 The insurance density, which is calculated as ratio of insurance premium to population is \$59 for life insurance in India while the global life insurance density stands at \$379 New policies issued: During the last year (FY21), life insurers issued 288.47 lakh new individual policies, out of which LIC issued 75.9% of policies and the private life insurers issued 24.1% of policies Mortality Protection Gap: The total mortality protection gap in India stands at \$16.5 tn (as of 2019) with an estimated protection gap of 83% of total protection need
Revenue	Cost	Growth									
Premiums collected	Claims paid Product Development, mkt and sales support	Insurtech partnerships New Models, personalized products									
Investment income (interest income)	Operating and IT support	AI & Automation for faster claims									
Industry Challenges	Useful Links/Reports	Industry Dynamics									
<ul style="list-style-type: none"> Lack of organised data makes underwriting difficult which could lead to improper pricing Low insurance penetration to tier 2+ cities Distribution: Insurance is a push product which requires a lot of selling per se; digital mode of educating customers doesn't work in tier 2+ cities 	<ul style="list-style-type: none"> Value Chain IBEF Invest India 	<table border="1"> <thead> <tr> <th>Segment</th><th>Share</th></tr> </thead> <tbody> <tr> <td>Life insurance</td><td>75%</td></tr> <tr> <td>Motor insurance</td><td>8.5%</td></tr> <tr> <td>Health</td><td>8%</td></tr> </tbody> </table>	Segment	Share	Life insurance	75%	Motor insurance	8.5%	Health	8%	
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Industry Forces	Key Drivers	Market Trends (elaborate data/points)												
<ul style="list-style-type: none"> Supplier Power: High. Due to limited iron ore reserves. Companies opt for backward integration, weakening supplier power. Barriers to entry: High. High capex, fixed costs and need for economies of scale. Threat of substitute: High. Growing demand and use of aluminum in automotive. Buyer Power: Low. Low substitutability, only few major player. Rivalry: High. Entry of exporters can further escalate it. 	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; background-color: #e63333; color: white;">Revenue</th><th style="text-align: center; background-color: #e63333; color: white;">Cost</th><th style="text-align: center; background-color: #e63333; color: white;">Growth</th></tr> </thead> <tbody> <tr> <td style="text-align: center;">Sale of steel for construction & automotive parts</td><td style="text-align: center;">Raw Material Cost (45%)</td><td style="text-align: center;">Growing demand</td></tr> <tr> <td style="text-align: center;">Sale of steel for Railway Parts</td><td style="text-align: center;">Power & Fuel costs (10%)</td><td style="text-align: center;">Govt policy support</td></tr> <tr> <td style="text-align: center;">Sale of Semis & By-products</td><td style="text-align: center;">Salaries & Wages (5%)</td><td style="text-align: center;">Increasing investment</td></tr> </tbody> </table>	Revenue	Cost	Growth	Sale of steel for construction & automotive parts	Raw Material Cost (45%)	Growing demand	Sale of steel for Railway Parts	Power & Fuel costs (10%)	Govt policy support	Sale of Semis & By-products	Salaries & Wages (5%)	Increasing investment	<ul style="list-style-type: none"> India is Second Largest producer of crude and finished steel preceding to China. Steel Industry contributes 2% to nation's GDP. Market Size: Steel production capacity is 150 MT in FY22. Expected to reach 300 MT by FY31. Finished steel consumption 86.3 MT Growth in Per Capita Steel Consumption: Per capita steel consumption expected to grow from 74.7 kg to 160 kg by FY30. Rural per capita consumption to increase from 19.6 kg to 38 kg by FY30. Increasing Investment: Government allocated USD 6.2M to MoS. 100% FDI allowed through automatic route in steel industry. Indian metallurgical industries attracted FDIs of USD 16.1B in FY21. Innovation: India-Russia MoU to carry out research in steel sector. 26 R&D projects approved by govt with financial assistance of USD 25M. Import: India imported 4.31MT of finished steel in FY22. Export: India Net exporter. Exported 12.22MT to Belgium, Italy, Turkey, Spain, Hongkong, Vietnam.
Revenue	Cost	Growth												
Sale of steel for construction & automotive parts	Raw Material Cost (45%)	Growing demand												
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Sale of Semis & By-products	Salaries & Wages (5%)	Increasing investment												
Industry Challenges	Useful Links/Reports	Industry Dynamics												
<ul style="list-style-type: none"> Financing: Highly capital-intensive sector, high cost of financing coupled with cyclical demand Logistics: Primary raw material (iron and coal) are bulky in nature which makes logistics challenging and costly. Raw material: Abundant iron reserves but limited reserves of coking coal reqd in BF. 	<ul style="list-style-type: none"> Industry overview - Ministry of Steel Report Industry Report <ul style="list-style-type: none"> IBEF PWC Report 	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; background-color: #e63333; color: white;">Key Customer Segment</th><th style="text-align: center; background-color: #e63333; color: white;">Share</th></tr> </thead> <tbody> <tr> <td style="text-align: center;">Construction</td><td style="text-align: center;">62%</td></tr> <tr> <td style="text-align: center;">Capital goods</td><td style="text-align: center;">15%</td></tr> <tr> <td style="text-align: center;">Automotives and railways</td><td style="text-align: center;">12%</td></tr> <tr> <td style="text-align: center;">Intermediate Products</td><td style="text-align: center;">11%</td></tr> </tbody> </table>	Key Customer Segment	Share	Construction	62%	Capital goods	15%	Automotives and railways	12%	Intermediate Products	11%		
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India is primarily an outsourcing hub. A combination of IT, KPO and BPM services are tailored to industry specific value chains



IT

- Software R&D
- IT Consulting
- Development Services
- Infrastructure Mgmt.



Knowledge Processing

- Business Consulting
- Legal Services
- Data Analytics
- Market Intelligence



BPO/BPM

- ERP
- HRP
- CRM

Porter's Five Forces

Potential Entrants (Low): Projects are quite large for commoditized services, and learning effects make a considerable difference in service quality and cost

Buyers (High): Services are now increasingly modular, and buyers can assemble a suite of services from different vendors and can switch out too

Substitutes (High): Philippines emerging as viable alternative to India for outsourcing. Automation is also rendering support services redundant

Suppliers (High): Specific suppliers of licenses and other public cloud providers hold very high bargaining power. Infrastructure is also commoditized

Rivalry (High): This industry is categorized by rivalry between large firms, and the differentiation is very minimal, pushing them to compete on costs

Revenue & Cost Drivers

Revenue Drivers

- Volume or the total number of person hours worked. This is the unit economics in the IT services industry
- Pricing determines the rate at which each hour is charged to the client
- Utilization is the ratio of the total billed hours divided by the total billable hours available across the company
- Since most revenue is from exports, a favorable exchange rate also results in better financial performance

Cost Drivers

- Cost of Revenue: These are expenses incurred by the company in delivering core revenue. An example of this are the salaries and travel cost.
- Selling, General & Administrative: These are costs over and above the CoR. An example could be company marketing costs and costs of facilities.

Key Market Trends

Global Delivery Model

Indian IT companies such as TCS are now opening service hubs closer to larger onshore customers in UK and USA to expand their global footprint.

SMAC

Companies are increasingly looking to derive more value from their IT investments and are now seeing their next big opportunities in digital transformation in the Social, Mobility, Analytics and Cloud verticals

Cyber Security

Governmental policy to combat cyber threats from foreign entities is being structured, with IT companies playing a large role in collaborations for their expertise

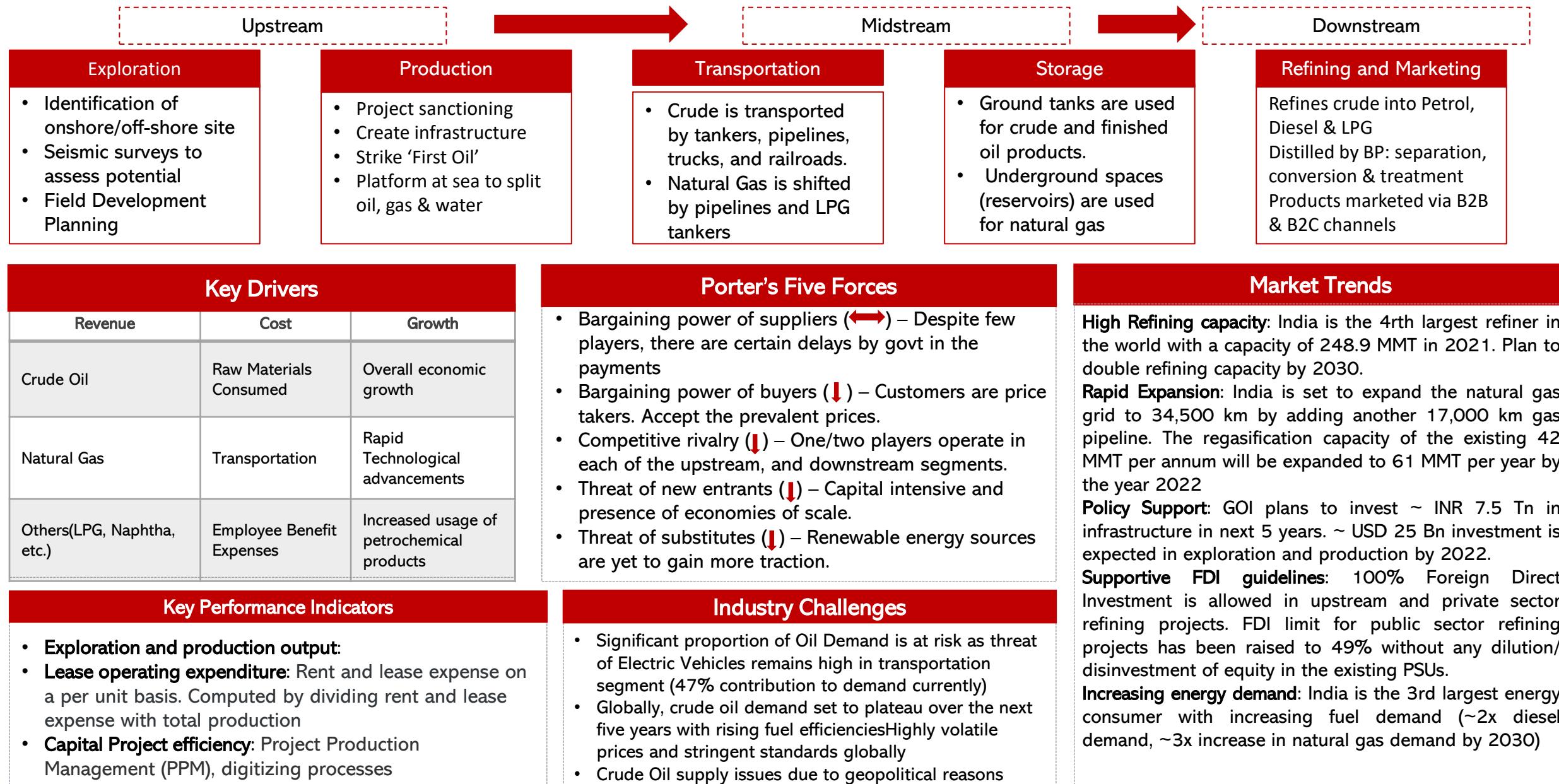
PE-VC, FDI Investments

This sector continues to be very attractive for investors, attracting \$70B in FDI over the last 10 years, \$12.4B in PE investments in addition to offshore hub development by Google, Microsoft et. al.



Sector Composition			Revenue & Cost Drivers	Key Market Trends
Segments	Market Share	KPIs		
Road transport	59%	<ul style="list-style-type: none"> Delivery time Cost to order Warehouse capacity Avg. inventory 	Revenue drivers <ul style="list-style-type: none"> Domestic transportation Import and Export Value Added Services (same-day delivery) Cost drivers <ul style="list-style-type: none"> Transportation costs such as fuel Warehousing and packaging Shrinkage Labor, order processing and administrative Inventory Growth drivers <ul style="list-style-type: none"> Simplified freight policy Improving road connectivity network Improving railway and air connectivity network Cold supply chain and other technology interventions 	Current market trends <ul style="list-style-type: none"> Industry size: Indian logistics sector is valued at 215 Bn USD; forecasted to grow at CAGR 10.5% (2019-25) Rank: India's rank has gone up from 54 in 2014 to 44 in 2018 in the World Bank's LP Index (overall logistics performance) Improved connectivity: Sagarmala, Bharatmala, & UDAN projects aimed at improving connectivity and reach, greater opportunities Warehouse Automation: Market valued at Rs 20,200 crores; evolution of technologies like AI, IoT, AGV and Blockchain Emphasis on cold supply chain: Set to grow at CAGR 17-18% till 2022, primarily driven by pharma sector Growth in 3PL & 4PL providers as manufacturing grows: to provide agility, speed and mobility Green logistics: Implementation of sustainable practices due to technological evolution
Railways	35%			
Waterways	6%			
Air transport	1%			
Top Players				
Player	Segment	Market Cap. (INR cr)		
CONCOR	Multi-modal	39,893		
Blue-Dart	Courier delivery	12,903		
Transport Corp. of India	Multi-modal	3,277		
VRL Logistics	Parcel & priority delivery	2,686		

Oil and Gas Industry



Pharmaceutical Industry



Key Drivers			Porter's Five Forces			Market Trends		
Revenue	Cost	Growth						
Drug Sales	R&D	Increasing fatal diseases	<ul style="list-style-type: none"> Threat of New Entrants: Low (high barriers to entry, high R&D costs, govt regulations, and distribution network needs) Bargaining power of buyers: Low-Moderate Internal Competition: High (large no of small fragmented players and large no of drugs going off-patent) Substitutes: Low Bargaining Power of Suppliers: Moderate (difficulty in procuring raw materials like APIs) 					
Licensing of patents	Distribution	Health insurance permeation						
Insurance Premiums	Promotion/Marketing	Growing stress-related diseases						

Key Performance Indicators			Industry Challenges		
Return on Research Capital Ratio: R&D is the major cost for all pharma companies and not all drug trials result in success			<ul style="list-style-type: none"> Focused on generic segment which is plateauing in the US with increase in competition Despite being among the top formulation drug exporters in the world, India relies heavily on imports of bulk drugs, which accounts for ~25% of the Indian pharma market Pharma Industry needs consolidation to raise funds and scale-up research capabilities 		
Profitability Ratio: Operating & net margin determine investment into future research projects and account for the high marketing expenditures in the competitive pharmaceutical industry					
Liquidity and Debt Coverage Ratio: R&D expenditures are mostly financed by debt.					



Key Drivers			Porter's Five Forces			Market Trends		
Revenue	Cost	Growth						
Sales Commission	Platform fee	Tier 2 & 3						
Private Labels	Inventory and supply chain costs	Government policies						
Listing fee & customer EMIs	Promotion/Marketing	Internet penetration and online payment	<ul style="list-style-type: none"> Threat of New Entrants: High (high government support, brick & mortar turning online) Bargaining power of buyers: High (low switching cost) Internal Competition: High (multinational players, low differentiation) Substitutes: High (multiple offline and online players) Bargaining Power of Suppliers: Low (Multiple e-commerce platforms and offline stores to list their products), own websites of major supplying brands 					

Key Performance Indicators		Industry Challenges	
Fill Rate: How many items out of the ordered are delivered		<ul style="list-style-type: none"> Increased competition and pressure to deliver as soon as possible 	
OTIF (On Time In Full): A stricter measure than fill rate, includes timely delivery along with fill rate		<ul style="list-style-type: none"> Regulatory considerations of data protection and consumer protection rules for sellers & marketplaces 	
Funnel metrics: Number of people dropping at different stages of customer journey, download, bounce rate, cart abandonment		<ul style="list-style-type: none"> Customer loyalty as switching costs are too low and competition too high 	
CLV: Cust Lifetime Value, measures total spend of customer on the platform		<ul style="list-style-type: none"> High browsing users, low payment customers 	
SWOOS: Sales weighted out of stock			



Key Trends in Indian Telecom

- Growth in Rural Demand:** Tele-density of rural subscribers reached 59.33% in September 2021, from 58.96% in September 2020
- State Investment:** In 2021-22, the Department of Telecommunications has been allocated \$ 8Bn and the union budget allocated US\$ 1.9 for telecom infrastructure
- Government Initiatives:** 100% FDI, satellite based Narrow band IoT, and the Phased Manufacturing Programme
- Development opportunities:** India's 5G subscriptions to have 350 million by 2026. accounting for 27% of all mobile subscriptions

Revenue & Cost Drivers	Growth Drivers	KPIs
<p>Revenue Drivers:</p> <ul style="list-style-type: none"> Internet and voice services Cross provider calls Affiliations (data monetization, device tech.) <p>Cost Drivers:</p> <ul style="list-style-type: none"> Spectrum costs Network infrastructure and equipment Operating costs 	<ul style="list-style-type: none"> Growing mobile penetration Increasing rural penetration and internet access Relaxed FDI norms Reduced license fee <p>Major Indian Service Providers (Market Share)</p> <ul style="list-style-type: none"> Reliance Jio – 35% Bharti Airtel – 31.56% Vodafone Idea – 23% 	<ul style="list-style-type: none"> Call Completion Ratio Average Revenue per User Average Call Duration Idle Time on Network Tele-density Churn Rate Network Operating Cost Subscriber Acquisition Cost



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