

The Undergraduate

CASE INTERVIEW HANDBOOK

Prepared by the Students of St. Stephen's College
and Hansraj College
An undergraduate's guide to acing
case interviews



Acknowledgements

We would like to extend our gratitude to all those who contributed their cases for the purpose of making this management consulting casebook. Their insights, approach and guidance have helped us prepare a comprehensive resource for undergraduates aspiring to enter the world of management consulting. We are also grateful to our alumni for their inputs and feedback which inspired us to successfully finish this casebook.

We are extremely grateful to the Global IFSA Network and IFSA India for providing us the platform as well as access to the coveted network, which has enabled us to prepare a casebook for all. We are thankful to IFSA Hansraj for collaborating with us on this venture. We would also like to express our gratitude to St. Stephen's College for their constant support and guidance in our endeavour.

Introducing the IFSA Undergraduate Casebook

IFSA St. Stephen's began its journey of editing and compiling case interviews exclusively for undergraduates in 2020, and became the first club in Delhi University to do so, through a collaboration with Cases over Coffee. It helped over 25,000 students across 60+ universities. The 2021 casebook, comprising 60+ cases, received more than 80,000 downloads.

Encouraged by the overwhelmingly positive response on our efforts, we bring to you the 2022 Casebook in collaboration with IFSA Hansraj. It is a comprehensive guide to crack your management consulting interviews this year, with interview transcripts from incoming McKinsey, Bain, BCG, KPMG and Kearney consultants. The purpose of this document is to assist, guide and provide meaningful consulting resources to aspiring undergraduates.

The casebook aims to give the reader a complete view of the type of cases that form a significant part of consulting interviews. It also contains an exhaustive question bank with suggested solutions to encourage our readers to practise. A special section featuring tips on interviews and preparation material straight from incoming analysts/consultants has also been included. We hope you enjoy learning case-solving through this casebook.

All the Best!

How to Approach Case Preparation?

Hi, so we know that glancing through the casebook, you found the process of Case Interview Preparation overwhelming and we understand where you're coming from. We're here to **break down the process** for you and to make it **simpler** and more **structured**. We recommend you follow this process, however, you're welcome to make changes to this as there is no, one method to ace your case interviews. This method is used by many students at Delhi University and IITs and has proved helpful for them.

Step 1

Read the theory to understand frameworks, we recommend books such as Case Interview Secrets and Case Interviews Cracked for the same.

Step 2

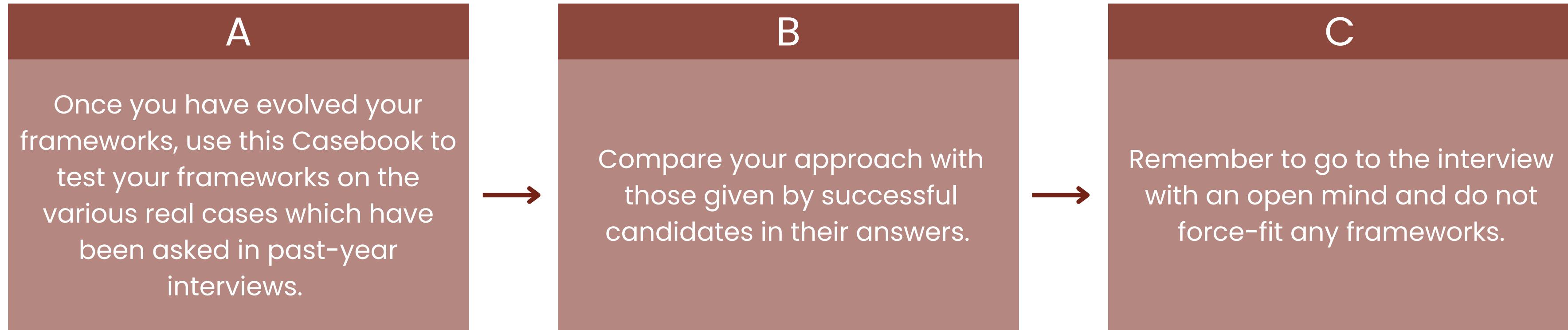
Do cases with your buddies or mentors and evolve your case frameworks. It is important to do so based on your past performance.

Step 3

Apply these evolved frameworks to various cases while solving cases with your buddies.

Here is where Casebooks, such as this one, will help you by providing Latest Interview Cases. Other books you could refer to are IIM Ahmedabad, HBS, Wharton Casebooks.

How to use the Casebook?



STRUCTURE OF THE BOOK

Section 1 : Cases

Complete transcripts by undergraduate students of India who successfully converted their interviews.

Section 2 : Question Bank

Cases and Approaches collected from a wide network of professionals who appeared for consulting case interviews

WORD OF ADVICE:

You can either use the Question Bank towards the end of your case preparation to brush up on your frameworks, or you could use these cases as a reference point while you're beginning to build frameworks with your buddies.

Preparation Resources

After talking to more than 60 upcoming consultants, we have compiled a list of preparation resources, other than this casebook, that will help you with your preparation.

Case Interviews Cracked

Book by Saransh Garg

Day One (IITM)

Videos by Vector Cheng

Case Compendium by SRCC

FMS Casebook

Casebook by IIM-Ahmedabad

IFSA's Case Handbook 2021

Chavi Gupta
(YouTube Channel)

Aditya Agarwal
(YouTube Channel)

Shubham Kaushik
(YouTube Channel)

Fuqua School of Business
Casebook

Case Interviews Cracked
(YouTube Channel)

Case Interviews Secrets
by Victor Cheng

The McKinsey Way
by Ethan M. Raisel

Read about industries, economies,
anything and everything!

IIM Lucknow Consulting Strategy
Club (YouTube Channel)

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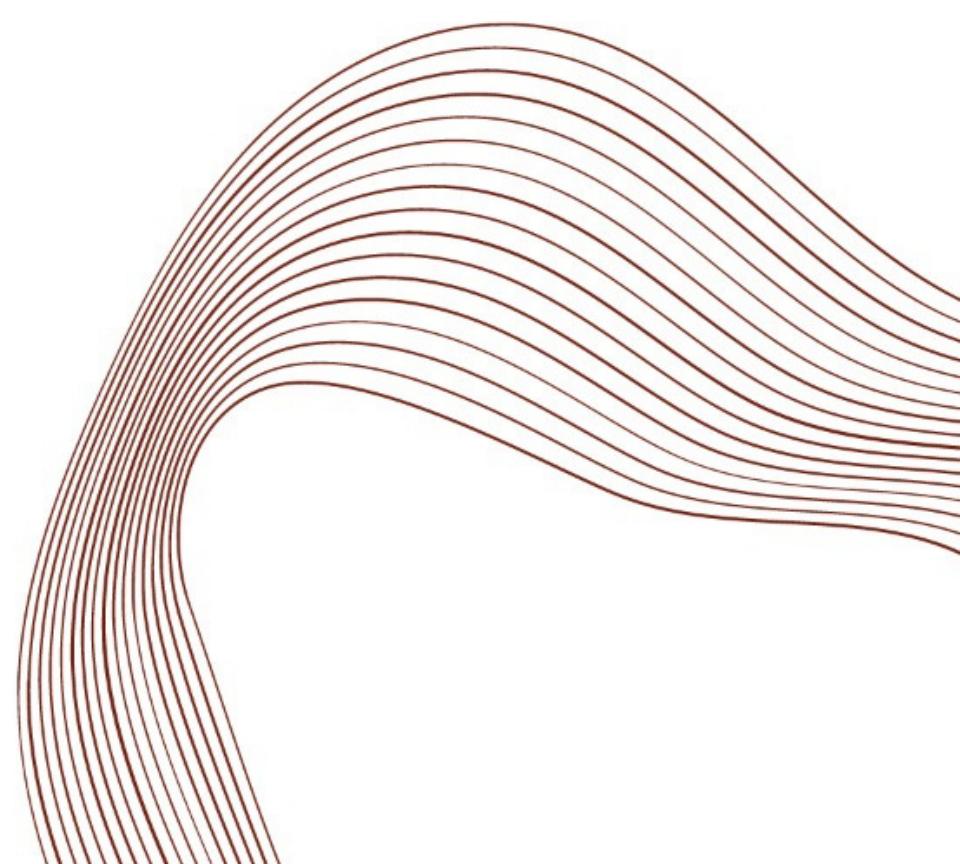
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Section 1 :

Previous Year Transcripts

REAL CASES SOLVED BY UNDERGRADS IN PAST INTERVIEWS

Revenue - 1

CASE OVERVIEW

COMPANY

McKinsey & Company

INDUSTRY

Kitchen Appliances

DIFFICULTY



I: Your client is a large kitchen appliance store and has been witnessing a decline in sales. It had also introduced an online platform during the pandemic.

C: Could you please specify what you mean by large kitchen appliance store? What are the products that they sell?

They sell everything that you can imagine in a kitchen.

What is the competition in the market?

It is fragmented.

What is the geographical presence of this firm?

It has 10 stores across the US.

Have all the stores faced a decline in sales?

Yes, there has been a fall in the sales of all stores.

Since when has this decline been observed?

24 months.

We can begin with the sales formula for a kitchen appliance store. This would be (Footfall) x (Conversion Rate) x (Average Number of Humans) x (Price). Which aspect do you want me to analyze?

Let's analyze all aspects one by one. Assume that there has been a fall in price and footfall. You can begin by assessing footfall.

Revenue - 1

The footfall can be divided into online and offline. For offline footfall, we can look into the value chain of the product. In relation to the online footfall, we must think of the customer journey.

Okay, let's move on from the qualitative part. Consider the following situation –

The firm is facing a problem with online footfall and so it hires 5 top influencers with 1- 2 million followers each. Every influencer has to be paid \$10,000 per ad and they are required to do 2 ads each. The conversion rate is 1-2% and every user generates a revenue of about \$300 to \$400.

Estimate the revenue and comment on whether or not you think the firm should go ahead with this decision.

Okay, let's take the average number of followers to be 1.5 million each. Even if they do 2 ads, their maximum reach would be about $(2 \text{ million} \times 5) = 10 \text{ million people}$.

Let us assume the conversion rate on the higher end as 2%.

Since we have taken followers and conversion rate on the higher end, let us assume the revenue per user to be \$300, as a precaution.

Let us take the revenue per user to be \$250 for now. Let us also assume that the above information gives us the revenue for 1 week, and the campaign is going to continue for 4 weeks.

Okay, so when we look at the approximate revenue, we have a 2% conversion rate for 10 million people, multiplied with \$250 as revenue per user, and then finally multiplied 4 times (because the above revenue is said to be for 1 week, but the campaign lasts for 4).

This gives us $(0.02) \times (10 \text{ million}) \times (250) \times (4) = \200 million

Coming to costs, we multiply

(what one influencer is paid per ad) \times (number of ads) \times (number of influencers) \times (number of weeks),
which would be $(10,000) \times (2) \times (5) \times (4) = \$400,000 = \$0.4 \text{ million}$

Revenue - 1

Now, as revenue exceeds the cost, I think that the firm must go ahead with this decision.

Okay great! That's all we wanted to ask you.

Thank you, and have a good day.

Brownie Points-

- Remember that with each influencer doing 2 ads, the reach would still remain (5×2) million people for each influencer, that is 10 million people and not 20 million.

Revenue - 2

CASE OVERVIEW

COMPANY

McKinsey & Company

INDUSTRY

Financial Services

DIFFICULTY



I: Your client is a traditional brokerage firm which is struggling to increase its revenue. Give suitable recommendations to increase their revenue

C: Thank you for the question. Is the client similar to Zerodha?

No, it is like a traditional brokerage firm.

What time period are we looking at?

Starting March 2020, when the investor sentiment was very low.

What is the timeline for increasing revenue?

50x increase in revenue in 2 years.

Have the client's growth drivers kicked in?

No, the sentiment is still weak.

Is the client Pan-India?

Yes.

Is the client serving a specific group of customers by income or age?

The client is targeting all age groups, but they are focussing on the upper classes because of their expensive products.

The client will have 4 main revenue streams.

Revenue - 2

Firstly, through Customer Onboarding- new customers must pay a subscription fee for the services provided by the firm. This is the main source of revenue for these firms.

The second is interest income from investments made in liquid securities through the accumulated fund.

Further revenue streams involve cross-selling of other financial products like insurance, mutual funds etc. to existing customers, as well as interest income on loans provided.

Hence,

Revenue= (Total population of India) x (% of People investing in the share market) x (% of Market Share of the Firm) x (Average Number of Demat accounts/Clients) x (Revenue/Demat account)

Ok, how can we increase the revenue?

The client cannot increase the population of the country, but they can increase the number of individuals who invest in the share market by running awareness and educational campaigns.

The client can further increase its market share using the 4 P's strategy:

Price reduction, Product Quality, Providing financial education, Partnerships with influencers and finance channels.

The client can also expand cross-selling of financial byproducts like insurance, MF, etc. They may also increase ticket size, which will increase the average revenue per user.

How will you increase the number of customers?

Revenue - 2

The client may expand its customer base on the basis of various metrics like age, income, gender, and financial acumen.

In terms of age, if the firm is concentrating on one particular age group, then they may consider diversifying to younger groups and appealing to them by offering innovative products like cryptocurrencies or an opportunity to invest in the US markets.

As for income groups, to increase the accessibility of the product to lower-income customers, the client can offer a Freemium model, with restrictions on certain attractive app features.

Coming to the gender aspect, females are often left out of financial markets. The client can appeal to them through social media campaigns, and awareness drives. They may also provide investment products tailored to their needs like SIPs, as female investors typically prefer SIPs to manage risk.

Okay great! That's all we wanted to ask you.

Thank you, Have a good day.

Guesstimate - 1

CASE OVERVIEW

COMPANY

Bain & Company

INDUSTRY

Tourism

DIFFICULTY



I: Estimate the number of people that visit the Taj Mahal every year.

C: Thank you for the question. May I present my analysis?

Sure, go ahead.

So, the basic formula I would like to go ahead with is:

(Taj Mahal's maximum capacity in an hour) x (% of occupancy) x (number of visiting hours).

Then, I would further like to divide the occupancy rate on the basis of seasons.

For Summers, I assumed a rate of 50% as there is scorching heat in Agra during the season.

For Winters, it would be 70%.

For spring and autumn, I would like to assume 90%, since these seasons are quite pleasant in India. I have assumed lower occupancy rates for extreme weather. What is the maximum capacity and number of visiting hours?

You can assume the maximum capacity to be 500 people and the number of visiting hours to be 8.

So, now I'd like to use the following formula:

(Maximum Capacity) x (% of Occupancy) x (Visiting Hours) x (Average number of days in a month) x (Number of months for a given season).

I am taking the Average days in a month to be 30, and the number of months for each category of the season to be 4.

Guesstimate - 1

For summers - $500*50\%*8*30*4 = 240000$

For winter - $500*70\%*8*30*4 = 336000$

For others - $500*90\%*8*30*4 = 432000$

Hence, the final answer is 10,80,000 people

Nice! Your approach seems fair enough. But, instead of dividing the year in terms of weather, can we divide it into peak and non-peak seasons (as spring and autumn are negligible in India, making the solution very complex)?

Definitely!

So, taking the occupancy rate at 50% for non-peak seasons and 90% for peak seasons, we get

Non-peak - $500*50\%*8*30*6= 336000$

Peak- $500*90\%*8*30*6=648000$

And, now the answer will be 9,20,000

Great! The earlier approach was correct as well but it became a little complex.

Yes, I agree. Thank you for the valuable feedback. Have a nice day!

Guesstimate - 2

CASE OVERVIEW

COMPANY

Bain & Company

INDUSTRY

Beverages

DIFFICULTY



I: How many coffees does a Starbucks store sell in a day?

C: Thank you for the question.

Let us say an average Starbucks store takes 15 minutes to process an order.

Further, there is a total capacity of 30 people.

Every person sits for around 15 minutes (average measure for take-away and office workers combined).

Hence, each person occupies the store for 30 minutes.

Let us assume Starbucks opens for around 12 hours, out of which 6 hours are peak time. Further, let us assume that during peak hours, occupancy is at 70%, and non-peak occupancy is around 50%.

Okay, you can go ahead with these assumptions.

Since each customer stays in the store for 30 minutes, the total number of customers who can visit the store during peak hours is $30 * 70\% * 12 = 252$ (12 half-hour peak-time slots)

Similarly, the total number of customers who can visit the store during non-peak hours is $30 * 50\% * 12 = 180$

Total number of customers visiting Starbucks in a day becomes 432.

Assuming everyone buys one coffee each, we can say Starbucks sells approximately 432 cups of coffee every day.

Guesstimate - 2

Okay, that sounds realistic. Thank you, that would be all for today.

Okay! Thank you so much.

Guesstimate - 3

CASE OVERVIEW

COMPANY

Bain & Company

INDUSTRY

Fashion

DIFFICULTY



I: Calculate the revenue for a hairdresser in a week.

C: Thank you for the question. Could you please let me know the services provided by the hairdresser?

Yes sure, they only provide women's haircuts.

Okay, what do we mean by a week? Are we considering 3 days, 5 days, or 6 days a week? What would be the average cost of a haircut?

It will be 6 days a week from Monday to Saturday, at an average cost of Rs.300 per haircut.

Alright, I will be using the supply-side approach. May I continue?

Yes, you may go ahead.

All right, so I have assumed that there are 5 stations in the parlour. I will classify the hours as peak and non-peak. 6-8 pm and 12-2 pm would be peak while 2-6 pm and 8-10 am would be non-peak hours. Is this assumption fine?

Yes please, go ahead.

Assuming that one haircut takes 20 mins, there would be 3 haircuts in an hour

According to this,

Occupancy in peak hours = 100%

No. of haircuts during the peak hours = (number of haircuts in an hour) x (number of hours) x (number of stations)

= $3 \times 4 \times 5 = 60$ haircuts

Guesstimate - 3

Occupancy in non-peak hours = 50%

No. of haircuts during the non-peak hours = $6 \times 3 \times 5$ stations $\times 50\% = 45$ haircuts

Total no. of haircuts in a day = $60 + 45 = 105$ haircuts.

The revenue of a hairdresser in a week = 105×6 days $\times 300$

= Rs. 189000.

It was a great approach. That would be all for the interview.

Thank you! Have a nice day ahead.

Guesstimate - 4

CASE OVERVIEW

COMPANY

KPMG

INDUSTRY

Fast Food

DIFFICULTY



I: Estimate the number of burgers sold by an outlet in a day in Chennai.

C: Thank you for the question. I wanted to clarify if we are looking at only the dine-in sales or delivery sales or both of them. Also, are we simply looking at weekday sales or weekend sales?

We are looking at the sales of both dining and delivery on weekdays as well as weekends.

Okay. What would be the estimated size of the outlet? Is there any particular location that we can go ahead with?

Yes, a medium-sized restaurant located in the IT hub of Chennai.

Thank you. Moreover, do we have any similar burger giant nearby or any special offers that we have running in the outlet?

No, as of now there is no such burger giant nearby and we do not have any offers running in the outlet.

Alright, I will begin my approach by dividing it into two heads of delivery/takeaway and dine-in.

For dine-in:

Average day = 10:00 AM to 10:00 PM.

Peak hours from 11:00 AM to 2:00 PM (breakfast and lunch routine) and 5:00 PM to 8:00 (post-work hours)

The total number of peak hours = 6 hours.

A medium-sized restaurant usually has a maximum capacity of 50 people at a time.

Occupancy during peak hours = 100%.

Guesstimate - 4

No. of people served = 50 at a time.

Occupancy during non-peak hours = 50%.

No. of people served = 25

Total time taken for serving and dining = 20 minutes = 3 people per hour.

During peak hours, Number of customers attended = $50 \times 3 = 150/\text{hr}$

During non-peak hours, Number of customers attended = $25 \times 3 = 75/\text{hr}$

Let 80% of people order 1 burger and 20% of people order 2 burgers.

The average number of burgers ordered = 1.2 burgers ordered/person.

The total number of burgers ordered, during peak hours = $150 \times 1.2 \times 6 = 1080$

The total number of burgers ordered, during non-peak hours $75 \times 1.2 \times 6 = 540$

Total number of burgers sold/day in dine-in = 1620.

For take-away/delivery:

Average day = 10:00 AM to 10:00 PM.

Peak hours from 11:00 AM to 2:00 PM (breakfast and lunch routine) and 5:00 PM to 8:00 (post-work hours)

Total number of peak hours = 6 hours.

Keeping in view the packaging efficiency, let us assume that it takes 3 minutes to prepare an order in take-away/delivery.

Total time taken for packaging = 3 minutes = 20 people per hour.

Orders by customers during peak hours = 100%.

Guesstimate - 4

No. of people served = 20 at a time.

Occupancy during non-peak hours = 50%.

No. of people served = 10

During peak hours, the Number of customers attended to = 20/hr

During non-peak hours, the Number of customers attended to = 10 /hr

Let 80% of people order 1 burger and 20% of people order 2 burgers.

The average number of burgers ordered = 1.2 burgers ordered/person.

The total number of burgers ordered, during peak hours = $20 * 1.2 * 6 = 144$

The total number of burgers ordered, during non-peak hours= $10 * 1.2 * 6 = 72$

Total number of burgers sold/day in takeaway/delivery = 216

Total no.of burgers sold in an entire day by the outlet = $1620 + 216 = 1836$

That was a great approach, indeed. But, we would just like to clarify if you took into account the Covid-19 restrictions that could be imposed at that point in time?

While I had necessarily assumed it to allow restaurants to operate at 100%, that may vary according to the situation. So, we will have to make the necessary changes in the maximum capacity of consumer accommodations or staff availability.

Okay, That would be all for the interview.

Thank you. Have a great day!

Guesstimate - 5

CASE OVERVIEW

COMPANY

Samagra Consulting

INDUSTRY

Education

DIFFICULTY



I: Approximate the number of students enrolled in a Government school for a particular state in the age group of 6-9 years.

C: Thank you for the question. Can you suggest a particular state?

You can assume UP and its population at 20 crores.

Thank you. I would assume the total life expectancy is 60 years and that 1st to 3rd classes are taken by children who are between 6-9 years. May I continue with these assumptions?

Yes, go ahead.

Therefore the total number of children under this category would be $(1/60) \times (20\text{cr}) \times (3 \text{ years}) = 1 \text{ crore}$

Now, another assumption I would like to make here is that India is a fairly young country. So I would be taking a 15% premium in getting the number. Is this assumption fine?

Yes, sure.

So, the total number of children under this category would be $(1/60) \times (20\text{cr}) \times (3 \text{ years}) \times (1.15) = 1.15 \text{ crores}$

Now, I have assumed that not all of them would be going to elementary schools. Therefore, according to my approach:

30% - Children who belong to a family suffering abject poverty and don't have access to elementary education.

30% - Children whose families are well off and prefer to go to premium schools like Kidzee.

40% - They are the ones who can and do access elementary education.

Guesstimate - 5

Thus,

The total no of students that can avail elementary education services of the Government:

$$= (40\%) \times (1.15 \text{ crores})$$

= 46 lakh students

Okay, The approach seems fine. But, what about the dropout rates in government schools since we face an issue in establishing foundational literacy among the students?

We can account for that as well. Assuming the dropout rate in government schools is at 30%.

The total no. of students that can avail of elementary education services of the Government

$$= (46 \text{ lakh}) \times (100-30)\%$$

= 32.2 lakh students

Okay, the numbers do seem accurate. That would be all for the interview.

Thank you. Have a great day ahead.

Guesstimate - 6

CASE OVERVIEW

COMPANY

ZS Associates

INDUSTRY

-

DIFFICULTY



I: Estimate the number of red lights in Delhi.

C: Thank you for the question. First I would like to clarify something.

Sure, go ahead.

The red lights refers to the traffic signals on the roads of Delhi and not any other lights which are red in colour, right?

Yes.

I would like to present my approach.

We know that Delhi is approximately 1600 sq. km in area. This is pretty much evenly divided between North, South, East, and West.

Imagine Delhi to be a square area with dimensions 40*40 as length and breadth. Can I go ahead with this approach?

Yes.

Alright. So we further divide the entire city into blocks of equal areas, creating a 20x20 grid(each block representing 2 sq. km).

Every intersection of blocks would give us a crossroad and each crossroad would have a traffic signal.

Hence, the number of signals at crossroads in Delhi would be = $(20*20) = 400$

This would be the case when we average out different areas.

In Delhi, the number of red lights at each crossroad is around 4.

Hence, an estimate of the total number of red lights at crossroads in Delhi is 1600.

Guesstimate - 6

Let us assume that there are 20% additional red lights to the ones found at crossroads that are meant to control traffic on straight roads. These would amount to ~ 300 red lights. Hence, there must be approximately 1900 red lights in Delhi.

Okay, well done. That would be all for now.

Thank you so much!

Guesstimate - 7

CASE OVERVIEW

COMPANY

Bain & Company

INDUSTRY

Sports

DIFFICULTY



I: Estimate the number of tennis balls manufactured in the city of Bangalore.

C: Before I start, I would like you to know that I will be approaching it from the demand side. May I ask a few questions before I begin?

Sure, go ahead!

Can you confirm the period for which I have to calculate the number of tennis balls manufactured?

For one month.

Also, are the tennis balls for domestic purposes or industrial purposes as well?

Both.

Are the tennis balls being used in Bangalore only, or are they being distributed across the country?

You can stick to Bangalore only.

Lastly, do I have to focus on a specific premium brand that the general public cannot afford or is the product generic?

There is no such specific quality. You can focus on a single quality that everyone uses.

So, I am considering the total number of tennis balls manufactured is equal to the total number of tennis balls used by the industrial sector which includes coaching centres and professional units plus the domestic sector which includes the people who play gully cricket.

I am considering that the number of people in the domestic sector is a function of gender and age segments of total population. I will start with the age segmentation. I am dividing it into male and female and I am assuming that they are equal in number. Also, I am assuming that the

Guesstimate - 7

population is 1 crore. I will further divide the male population into four categories with their population proportions:

- Below 7 years - 25% = 25 lakhs
- 7 to 14 years- 20% = 20 lakhs
- 15 to 25 years- 20% = 20 lakhs
- 25 years and above- 35% = 35 lakhs

The rationale behind this is that children below seven are unlikely to play gully cricket; people who are between 7 to 25 years are most likely to play cricket while the ones who are 25+ are not all likely to play gully cricket due to job occupations and old age.

Now, between the age group of 7 to 15 years, 50% of the people play gully cricket = $(50\% \times 20 \text{ lakhs}) = 10 \text{ lakh people}$;

between 15 to 25, 25% play gully cricket = 5 lakh people

and for 25+, only 10% play gully cricket = 3.5 lakh people.

Hence, the total number of gully cricket players equals 18.5 lakh people.

Assuming that people play in groups of 10, and each group owns 2 tennis balls, the total number of tennis balls becomes $18,50,000 \times 2 / 10 = 3.7 \text{ lakh}$.

Further assuming that each group uses both of these tennis balls over the course of the month (average life cycle = 0.5 months), we find that domestic users demand 3.7 lakh tennis balls. Hence, the number of tennis balls manufactured in Bangalore for domestic purposes becomes 3.7 lakh.

Guesstimate - 7

Now that we don't have much time to see how you reach your industrial sector number, you may go ahead and just tell us your approach and then we will wrap it up.

Okay, sure. For the industrial sector, I will calculate the number of tennis coaching centres in Bangalore and their average usage of tennis balls per month. Adding that cumulative statistic to the domestic demand will give me the final answer.

Okay, that's all we want to ask you. Thank you!

Thank you! Have a great day ahead.

Guesstimate - 8

CASE OVERVIEW

COMPANY

Bain & Company

INDUSTRY

Automobiles

DIFFICULTY



I: Estimate the number of Honda cars manufactured in India every year. Let us know only the approach, please do not go into any numbers.

C: Okay so before starting I want to ask if I can assume the time period to be one year i.e the number of cars manufactured in India in one year?

Yeah sure, you may go ahead!

I will be dividing the entire region into three categories:

- metro cities
- non-metro cities
- village areas

Then I will divide the population. I am assuming that 40% of the population belongs to Metro cities, 40% to non-metro cities, and 20% to the village section. I am also assuming that Honda has a market share of 20% in the car industry.

Allright, you may continue.

After dividing the population into three broad categories I will be dividing them further into different economic classes:

- the rich class
- the middle class
- the poor class

Guesstimate - 8

Now, let us say the population of the Metro cities is segmented into 20% rich class, 60% middle class, and 20% poor class.

A similar segmentation can be done for non-metro cities and rural areas. Of course, the population composition amongst these segments will move towards the poor class as we go to non-metro cities and to villages.

We can hence calculate the number of people living under these various segments.

Since the average household size is 4, we will also further divide this by 4 to arrive at the number of households.

Every rich household will purchase a car every 5 years, and will own around 2-3 cars. Hence, on average, a rich household will demand 0.6 cars in a year. A similar calculation can be done for the other two income segments as well.

By summing up every household's average demand, we will get the market aggregate demand. Since Honda taps into a 20% market share, 20% of the market aggregate demand roughly gives the number of cars manufactured by Honda in a year.

It was a great approach. That would be all for the interview.

Thank you! Have a nice day ahead.

Guesstimate - 9

CASE OVERVIEW

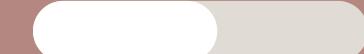
COMPANY

Bain & Company

INDUSTRY

Entertainment

DIFFICULTY



I: Guesstimate the revenue of one PVR cinema in a day.

C: Can I go with a PVR from near my home? I come from a small town.

Yes.

Are we considering a weekday or a weekend?

Weekday.

Let us assume that there are 3 streams of revenue for a cinema – the ticket, the food stalls and the advertisement.

Great, but the advertisement will complicate things, so let's just skip that for now.

Okay so since it's a small town, we only have 2 screens in a PVR. Let's assume that there are 2 movies playing in the halls, and people have no preference.

Okay, let's go ahead with these assumptions.

In every theatre, there are 3 categories of rows – silver, gold and platinum. Now, let's say that silver is priced at 200, gold at 300 and platinum at 400.

Also, let there be an equal number of seats in these three categories. So now, on average, a ticket would cost $[(200+300+400)/3] = 300$ Rupees.

I have observed that generally, we have rows from A-T in a hall, which gives us 20 rows.

Assuming that each row has 15 seats, the total number of seats in one screen = $15 \times 20 = 300$ seats.

Now, let us take 5 show timings – 9 am, 12 pm, 3 pm, 6 pm and 9 pm.

Guesstimate - 9

Okay good, what will be your next step?

Since we are considering a weekday, the footfall during the first 3 shows will not exceed 40%, as students are in school and the working class will be in the office. And for the 2 evening shows, let's say that the footfall is 80%. We don't consider 100% as people would still prefer weekends.

Okay, now let's get into the math.

For the first 3 shows, we have $(40\% \text{ capacity} \times 300 \text{ seats}) = 120 \text{ seats}$. Now, the average ticket costs 300 rupees. Hence the revenue for one time slot in one screen would be $= 120 \times 300 = 36,000$.

Now, since we have 3 time slots in 2 screens, total revenue from 3 shows would be $= 36,000 \times 3 \times 2 = 2,16,000$ rupees.

Similarly for the other 2 shows, we have total seats $= (80\% \times 300) = 240$ seats.

Revenue from one time slot in one screen $= 240 \times 300 = 72,000$.

Total revenue from 2 shows in 2 screens $= 72,000 \times 2 \times 2 = 2,88,000$ rupees.

Total ticket revenue $= (2.16 + 2.88)$ lakhs $= 5,04,000$

Great, now let's consider the food aspect.

What I've observed is that 1 in every 2 people buys food. Hence, 50% of the people present are consuming food.

We had 120 occupied seats for the first 3 slots, hence 60 people actually bought food. Also, let's assume that expenditure per person on food is 400 rs on average (300 for popcorn + 100 for Pepsi).

Hence, revenue from one time slot in one screen $= 60 \times 400 = 24,000$.

Total revenue from first 3 shows $= 24,000 \times 3 \times 2 = 1,44,000$ rupees

Similarly, we get $(50\% \times 240 \times 400 \times 3 \times 2) = 1,92,000$

Guesstimate - 9

Hence, total revenue from food = $(1.44 + 1.92)$ lakhs = 3,36,000.

Hence, total revenue from tickets and food = $(5.04 + 3.36) = 8,40,000$ rupees

Great! That's all we wanted to ask you.

Thank you, and have a good day.

Brownie points-

- Thinking of advertisement as a stream of revenue.
- Mentioning no consumer preferences.
- Mentioning A-T rows, shows that you are observant.

Guesstimate - 10

CASE OVERVIEW

COMPANY

Bain & Company

INDUSTRY

Sports

DIFFICULTY



I: Estimate the total revenue of your favourite football club.

C: Thank you for the question. I would be presenting my analysis for Arsenal. Am I supposed to include all kinds of revenue coming from tournaments, sponsors, rewards, etc?

Yes, you must include everything, the case must be exhaustive.

Considering Arsenal, which is one of the biggest clubs in England, there are 5 main revenue buckets.

The first bucket would be sponsorship money, further breaking it down into smaller buckets such as Kit Sponsors (Adidas), Sponsor Advertisements on the jersey (Rwanda Tourism, Emirates Airlines), and Ad Revenue. I estimate that Arsenal will be getting \$200 million from Emirates, 50 million from Rwanda Tourism, \$300 million from Adidas, and \$100 million from ad revenue. The total revenue contribution from the first bucket amounts to \$650 million.

The next bucket would be ticket sales. Again, I can break it down into two categories- season passes (lump sum for all matches) and individual tickets.

I shall assume that Arsenal has a capacity of 50,000 people in their stadium, out of which 20,000 seats were reserved for the season pass holders and 30,000 seats were reserved for the individual ticket-holders.

I assume the average price for the season pass to be \$1000, bought by 50,000 people. Thus, the contribution from the season pass would be \$50 million.

Guesstimate - 10

Then I shall assume an individual ticket to cost \$100, thus, revenue contribution from the individual ticket-holders in one match would be $(100 \times 30,000) = \$3,000,000$. I estimate that Arsenal plays 50 games in a single season, therefore total revenue contribution will be $3,000,000 \times 50 = \$150$ million.

Thus, the total revenue contribution from ticket sales will be \$200 million.

The next revenue bucket would be the lead money that league organisers such as Barclays and UEFA pay the clubs to take part in their leagues. I assume Arsenal would be acquiring close to \$500,000 from this bucket.

The fourth bucket would be merchandise sales. An Arsenal Jersey costs between \$70-80. Let us take the average price of \$75 and assume that close to 70,000 people buy them. The total revenue from this bucket would be approximately 5 million.

The fifth bucket was reward money, that is, the money you win when you win a tournament.

Arsenal has not won any matches in recent years, so the contribution of this bucket will be zero. Should I add it to the total revenue?

Yes, it should nevertheless be taken into consideration.

To summarise,

The revenue from sponsorship money : \$650 million

The revenue from Ticket sales : \$200 million

The revenue from Jersey sales : \$5 million

The revenue from League : \$500,000

The revenue from trophies : \$0

Guesstimate - 10

I, therefore, estimate that the total revenue of Arsenal would be $(650 \text{ million} + 200 \text{ million} + 5 \text{ million} + 500,000) = \$855,500,000$ in a year.

Okay great! That's all we wanted to ask you.

Thank you, and have a good day.

Guesstimate - 11

CASE OVERVIEW

COMPANY

Bain & Company

INDUSTRY

Vending Machine

DIFFICULTY



I: Estimate the Revenue for a vending machine in Delhi.

C: Thank you. There are a few preliminary questions that I would like to go ahead with first.

Yes, sure!

Is there a particular time slot, during which the vending machine operates, and how many vending machines are available for use with the public?

You can assume that there is only one vending machine operating for an entire day.

Okay, so can I present my approach?

Yes, go ahead.

I have decided to go ahead with three specifications of products available to the customers: Cheap goods at ₹10, normal goods at ₹30, and expensive goods at ₹75.

You can rather consider an average price for all the three goods at ₹25 to avoid any confusion.

Okay, so now I would like to divide 24 hours of the day of operation into 4 segments:

- i) 6 to 12 in the morning (peak hours)
- ii) 12 to 6 in the afternoon(non-peak hours)
- iii) 6 to 12 at night, and (peak hours)
- iv) 12 to 6 after midnight (slot of least usage)

Guesstimate - 11

I have avoided the 12 to 6 after midnight slot in the revenue calculation to avoid any complexities and I am assuming that the vending machine need not be restocked throughout the day.

- I presume that the machine operates at 60% of its capacity during peak hours and at 40% during non-peak hours.
- On average, a vending machine takes approximately 10s to deliver a product.
- Assuming that every customer draws the good for himself/herself, let 80% of the customers buy only 1 good each and the rest 20%, 2 goods each.

On an average, $(80\% * 1) + (20\% * 2) = 1.2$ goods/per person.

1. For 6 to 12 in the morning (peak hours),

Total time = 6hrs*60 mins*60 sec = 21,600sec

No. of customers that can purchase from the vending machine = $21600\text{sec}/10\text{ sec} = 2160$

No. of customers that actually purchase from the vending machine = $2160 * 60\% = 1296$

Number of products sold = $1296 * 1.2 = 1555.2$ (Approximately, 1555)

Total Revenue generated in one slot = $1555.2 * 25 = ₹38,880$

2. For 12 to 6 in the afternoon(non-peak hours),

Total time = 6hrs*60 mins*60 sec = 21600sec

No. of customers that can purchase from the vending machine = $21600\text{sec}/10\text{ sec} = 2160$

No. of customers that actually purchase from the vending machine = $2160 * 40\% = 864$

Number of products sold = $864 * 1.2 = 1036.8$ (Approximately, 1036)

Guesstimate - 11

Total Revenue generated in one slot = $1036.8 * 25 = ₹25920$

3. For 6 to 12 at night (peak hours),

Total time = $6\text{hrs} * 60 \text{ mins} * 60 \text{ sec} = 21600\text{sec}$

This is similar to case 1, where the Total Revenue generated in one slot = $1555.2 * 25 = ₹38,880$

So, the sum total of all the revenue generated = $₹38,880 + ₹25,920 + ₹38,880 = ₹1,03,680$.

Okay, so now tell me what you should do to maximize the revenue of the vending machine without making any assumptions or using any profitability tools.

The following points can be taken into account for maximizing the revenue:

- A lot of people in India are illiterate and may not be using the vending machines because of their technicalities. An instructor can be hired to provide any help that they'd need with a vending machine. This will help ensure the maximum usage of the vending machine, especially at peak hours.
- Many people travel on relatively expensive train tickets such as Rajdhani, Shatabdi, etc. These travellers can afford expensive goods like up-scaled and imported chocolates and soft drinks. A separate section for such goods can be kept for this section of people.

It was a great approach! That would be all for the interview.

Thank you!

Guesstimate - 12

CASE OVERVIEW

COMPANY

Bain & Company

INDUSTRY

Aviation

DIFFICULTY



I: Estimate the number of meals required for flights operating on the Delhi-Mumbai route in a day.

C: Thank you for the question. While analyzing it from the supply side approach, I would like to clarify a few points.

Yes, go ahead.

Is there a particular day of the week that we are looking at: a weekend or a weekday? Any specific airport?

You can go ahead with the weekend and we're not looking at any specific airport

Okay!

Considering the Indira Gandhi International Airport in Delhi, there are 3 terminals with 5 runways each, but only two of them are open for domestic operation and one is reserved for international flights.

Total number of runways = $5 * 2 = 10$ runways.

Assuming that one flight takes 30 minutes to land or take off,

Number of flights that can operate in one hour = $(60/30) * 10 = 20$ flights.

Assuming the flight operations continue throughout the day as it is a weekend,

Number of flights that can operate in one day = $20 * 24 = 480$ flights.

Let 40% of the flights fly over to metro cities and the rest 60% to the other cities.

Let each of the metro cities - Mumbai, Bangalore, Kolkata, Chennai and Hyderabad reserve 20% of flight operations.

Guesstimate - 12

The number of flights flying in one Delhi-Mumbai route in a day = $480 * 40\% * 20\% = 40$ flights. Similarly, the number of flights flying on the Mumbai-Delhi route in a day = 40 flights.

Total number of flights operating round trip on the Delhi-Mumbai route = $40 + 40 = 80$ flights.

The total number of passengers that can travel in a domestic plane = 200 travellers.

Given that the flight is operating at its 100% capacity, the total number of passengers = $200 * 100\% * 80 = 16,000$ travellers.

Thus, the total number of meals required for planes on the Delhi-Mumbai route

= 16,000 meals. (1 meal/traveller)

It was a great approach. That would be all for the interview.

Thank you! Have a nice day ahead.

Guesstimate - 13

CASE OVERVIEW

COMPANY

KPMG

INDUSTRY

Banking

DIFFICULTY



I: Estimate the number of ATMs in Delhi.

C: Thank you for the question. I would like to clarify if we are considering a residential area or an industrial area.

You can give us an overall approach. We're not looking at any specific area.

Okay, sure!

So, basically, I will first divide the total area of Delhi under two heads:

(Total area of Delhi= 1500 sq.km)

Areas under human commercial use = $80\% \times 1500 = 1200$ sq.km

Areas under non-human commercial use (lakes, parks,etc) = $20\% \times 1500 = 300$ sq.km

Areas under human commercial use can again be divided into 4 heads, with the following assumed land allocations:

- Industrial = $20\% \times 1200 = 240$ sq.km
- Residential = $40\% \times 1200 = 480$ sq.km
- Commercial = $30\% \times 1200 = 360$ sq.km
- Rural = $10\% \times 1200 = 120$ sq.km

Guesstimate - 13

Assuming the following number of ATMs per sq. km in these areas

- Industrial → 3 ATMs ($240 \times 3 = 720$)
- Residential → 6 ATMs ($480 \times 6 = 2880$)
- Commercial → 10 ATMs ($360 \times 10 = 3600$)
- Rural → 2 ATMs ($120 \times 2 = 240$)

We get a Total = 7440 ATMs

What was your thought process while dividing Delhi into these areas?

More than being a commercial or industrial hub, Delhi is majorly a residential area. Keeping this in mind, I was able to come up with these relative percentages.

Why do you think commercial areas are likely to have a relatively higher number of ATMs?

In commercial areas, people spend more and due to this people are likely to draw more money from the ATMs. Hence, commercial areas are likely to have more ATMs.

Alright, that would be all. Thank you.

Great, thank you so much!

Guesstimate - 14

CASE OVERVIEW

COMPANY

McKinsey & Company

INDUSTRY

Entertainment

DIFFICULTY



I: Estimate the number of Bollywood films made from 1947 to 2020.

C: Alright. We could approach this question by benchmarking the number of films released and then using a growth rate, to calculate the total.

Taking 1947 as a starting point, we can take a benchmark number of movies to begin with. Let's assume it to be 4-5 movies a year.

Our endpoint is 2020. I have observed that around 2-3 movies are released every fortnight, so 26 fortnights in a year add up to 52 to 78 movies a year. We can take the average to be 65 movies.

OK, these numbers are reasonable.

Now, we need to work out the growth rate from 1947 to 2020. We should take a linear growth rate for the given period of time.

Alright, work out the numbers.

From 1947 to 2020, there are 74 years. So, we form an arithmetic progression where the first term is 5 and the last term is 65. The formula for the sum of AP is $[n/2*(a + l)]$, where n is the number of terms, a is the first term and l is the last term.

So, we have $[74/2*(5 + 65)] = 2590$

This gives us the total number of movies as 2590.

This is a good approach but it can be refined further. There were a bulk of movies released in the 80s, much more frequently than today. How will you incorporate this?

Guesstimate - 14

We could introduce another benchmark in 1985. After this, we will create a linear growth or linear decline in the number of movies between those benchmarks.

That can work. Let's say the number of movies produced in 1985 was 95. Can you work out the calculations?

From 1947 to 1985, we have 39 years, so using the same formula with first time 5 and last term 95, we get $[39/2 * (5 + 95)] = 1950$

Between 1985 to 2020, we have 35 years, so the sum will come out to be

$$35/2 * (95 + 65) = 1400$$

So, the total number of movies is 3350.

That will be all. Thank You!

Guesstimate - 15

CASE OVERVIEW

COMPANY

KPMG

INDUSTRY

Aviation

DIFFICULTY



I: Estimate the amount of water that can fill in an aircraft.

C: Thank you for the question. May I present my analysis?

Sure, go ahead.

Can I clarify some of my assumptions, please?

Please do.

Could you please clarify the aircraft being used and also if I should consider a full or an empty aircraft?

The aircraft being used is a Boeing 747 (the most common airplane in India) and consider it to be empty i.e. no baggage, chairs, people, etc.

Okay, Thank you! Here's my solution:

- Let us assume the length of the plane is ~ 70 m
- The internal width of the plane can be calculated by taking into consideration the seat and gallery space. Given a 3*3 configuration of seats, each set of 3 seats would approximately be 2.5 m wide.

Thus the internal cabin width is ~ 7.5 m.

- Similarly, the height of the cabin can be estimated – the cabin allows a 6ft. Man to stand comfortably, hence cabin height is taken as ~ 7ft. Or 2m.
- The cabin space represents a cuboid with rounded edges. Estimating the volume of the cuboid, we arrive at 1050 cubic m ($70 * 7.5 * 2$).

Guesstimate - 15

- Correcting for loss of volume due to rounded edges, decreasing 10% from the total amount, the estimated volume is ~ 945 cubic m.

Assuming cockpit, food gallery and washroom areas cumulatively account for ~ 10% of the cabin area, the estimated volume of the plane is ~ 1040 cubic m.

Assuming cargo space to be of the dimension of 2 m (height), 8 m (width) and 10 m (length), cargo space volume is ~ 160 cubic m.

Summing it up, approximately 1200 cubic m of water ($1040 + 160$) can fit in a Boeing 747.

All right, that would be all. Thank you!

Thank you, and have a great day.

Profitability - 1

CASE OVERVIEW

COMPANY

Bain & Company

INDUSTRY

Washing Machine

DIFFICULTY



I: A Washing Machine Manufacturing company has been facing a decline in profits for the last 2 years. Your main objective here is to delve into the decrease in profits and find out an accurate reason for this decline.

C: Can I ask a few questions about the company as I move ahead to solve the case?

Yes sure, you can ask any questions related to the company's profile and work.

Thank you. So for the washing machine company, can you tell me the exact degree and duration of profit decline?

The Washing Machine has been facing a 10% decline in profits for the last two years of working.

Is this an industry-wide issue- are all washing machine manufacturing companies facing a decline in profits? or is it a company-specific decline faced by this manufacturing company alone?

The decline in profits is not an industry-wide problem and is only faced by this particular washing machine manufacturer.

Expanding on a few questions about the working of the company, what is the company profile? How long has it been since it was established and how has it been doing in the market since then?

The washing machine manufacturing company has been a quintessential company in the washing machine company space and was established about 5 years ago. The company initially did well, with significant profits, but has been facing a major decline in profits for the last 2 years.

Could you let me know a little about this company's product portfolio?

Profitability - 1

The company sells two major washing machine models in the market. One for the middle-income groups with moderate pricing at Rs. 12,000 and one product for high-income groups with pricing of Rs. 30,000.

Okay, and is there a decline in one of those models or in both of these models?

It's a decline in both the models resulting in a company-wide profit decline.

Profits are composed of revenues and costs. A major decline of about 10% as specified would mean that there is an issue in one of these aspects.

Either the cost of production and manufacturing has increased, resulting in a significant decline in profits or the revenues generated from selling the product have been affected. Which one of these aspects would you like me to further delve into?

I would like you to expand on the revenue aspect of profits.

The revenue decline might have been due to a decline in sales volume or a lowering of price. Which one is it?

The number of units sold per year for the last two years has consistently declined.

Pertaining to the decline in sales volume, a few reasons for this decline could be either due to issues in production, distribution, or demand issue. Is the company facing any production-linked issues like worn down physical capital etc?

The production and manufacturing by the company are perfectly fine and have been showing the same working for past 5 years.

Is there a demand-side problem due to the shift of consumer preferences to competitors' products?

No, there is a major demand for the product and consumer preferences show that consumers have preferred this company's products due to a variety of reasons.

Profitability - 1

Alright, so it's a distribution issue. What are the ways in which this washing machine company sells its products, is it online or offline? Which has seen a decline in the number of units sold?

The number of units sold has significantly seen a decline in the offline mode of distribution.

In my knowledge, in the offline mode, the ways of distribution can be independent stores, big stores which have many different brands under them, or door-to-door selling. Which one out of them has had a decline in revenue?

It's door-to-door selling of washing machines where there's a decline in units sold.

Okay. Just to expand on the reasons for the same, is this due to a lack of workers, the behaviour of workers, or due to the quality of the work they did?

The number of workers in the distribution line has declined.

Is it due to monetary incentives or non-monetary incentives?

Neither of them, could you maybe think of some other way of going about this?

Sure, let me examine the reasons behind the declining number of workers from a different lens. Is this decline induced by worker preferences or company-induced layoffs?

Great, it was due to company-induced layoffs. Could you think of any reasons?

Did the company fire some of the workers?

Yes, can you think of reasons behind it?

One of the biggest reasons could be to cut costs and reductions to reduce their assets. Other reasons I can think of can be that the company is trying to stay viable for the workers and hence has to lay some of them off. The company is looking for an automated transmission from door-to-door selling to other ways of selling or the company is looking for a strategic merger and there are overlapping jobs.

Profitability - 1

Great job, we can end the analysis on this note!

Thank you, and have a nice day.

Brownie Points -

- The candidate delved into the reasons for decline by dividing the same into reasons for the decline in revenue and then further into production, distribution, and demand. Then, the candidate systematically approached each of them to solve the case.

Profitability - 2

CASE OVERVIEW

COMPANY

BCG

INDUSTRY

Healthcare

DIFFICULTY



I: Reduce the operating cost of PHCs (Public Health Centres) of the government of Rajasthan. Up to 3-5% of the revenue base is to be reduced, which accounts for 10-15 crores as the target for cross-cutting.

Operating cost is divided into different buckets which include Medication, Rent, Personnel cost, Equipment cost, Regulatory cost and Electricity cost. The scope where the cost can be reduced is majorly in Medication.

C: Okay! Are there any buckets into which the medication cost is divided?

Medication cost is further divided into the buckets of price and quantity.

What is the variation in prices of these medications generally?

Prices remain majorly fixed as medications are bought under long-term contracts with the government.

Alright, so the scope is then definitely under the quantity bucket.

So dividing quantity into two parts

- Scope lies somewhere the quantity can be used or
- Somewhere the quantity's wastage can be dealt with

The problem lies in the wastage aspect of the quantity.

Wastage can happen due to two major reasons:

- Fixed damage
- Expiry aspect of it

Profitability - 2

There are no issues related to the expiry aspect. It is the damage part that you're supposed to analyse.

Okay, dividing damage cost into buckets of Pre, During and Post.

It is the "Pre" bucket which you're supposed to analyse further. These bottles arrive damaged at the PHCs. Why and where in the value chain do you think it occurred?

The value chain can be divided into three parts where further analysis can be done:

- Production
- Manufacturing and Packaging
- Transportation and Storage

Which of these should I look at?

Production is fine as it is government regulated. You can dig deeper in the 2nd and 3rd buckets.

Okay. How are these vials and medications packaged?

The vials and medications are sealed at the sealing stations which are government regulated. They are packed in cardboard boxes and transported in trucks to the PHCs. Why were they damaged according to you?

Manufacturing is done right by the government. So the primary reason seems to be that cardboard boxes aren't very sturdy. Due to this, the vials may be getting broken.

Why do you think the transportation system has failed to commit to better delivery standards?

The reason behind the inefficient truck transportation system can be subdivided into:

- Geography
- Performance of the driver

Profitability - 2

- The efficiency of the trucks used

The trucks were newly recruited and there has been a constant effort to increase the transport connectivity to the rural areas. The factors of geography and the efficiency of trucks can be ruled out.

Okay, then the inefficiency may be mainly due to the lack of incentives for the truck drivers. Could you please specify the pay-offs or compensation they were receiving and about late-night shifts?

Yes, sure. So, according to the data collected by the PHC, there was some discontentment in adherence to the delayed pay-offs, lesser compensation or late night shifts. But, they were also provided with speedy-delivery bonuses.

Okay! Then, redressal of the complaints received from drivers, moderation of speedy-delivery bonuses provided and improved focus on sturdier packaging of the boxes and vials can help us avoid damaged end-to-end deliverables.

Yes, we agree with your recommendations. That would be all for the interview.

Thank you!

Profitability - 3

CASE OVERVIEW

COMPANY

McKinsey & Company

INDUSTRY

Airline

DIFFICULTY



I: Your client is an Indian Airline company that has been facing a problem of declining profits.

C: I have a few preliminary questions.

Go ahead.

Since when have we been facing this problem?

One year

How much decline have we seen?

The exact magnitude of the decline is not available.

Okay, has this trend been seen throughout the industry or is it specific to our company?

Profits have been declining throughout the industry but our company has been the worst hit.

Could you tell me more about the company's operations? Are we a domestic or international airline?

We are primarily a domestic, low-cost airline with only economy class seats in our carriers. However, we do have some international flights.

Okay, so the basic equation for profit is Revenue- Cost. Are we seeing an increase in costs, a decrease in revenue or both?

We have seen an increase in costs in the last 1 year.

Costs can be fixed or variable. The fixed costs include hangar rent, office rent, employee salaries, etc while the variable costs include fuel cost, airport commission, and maintenance of carriers.

Profitability – 3

Yes, the problem is the hike in fuel cost.

We can determine fuel cost by the following formula-

Fuel cost= (No. of Flights x No. of Trips per Flight x Distance per Trip)/ Mileage x Cost of Fuel

In this formula, the number of trips depends on the regions we cover and the mileage is affected by the efficiency of the carrier we use.

This is a fair analysis, but I think you are missing out on some things in the formula.

We also need to add fuel wastage.

Exactly! Can you think of something else?

Not right now.

We also consider the additional inventory of fuel that we maintain. It has been observed that the additional inventory cost has gone up for our company. What could be the reasons behind this?

There could be two reasons for this. Either internal, such as a change in the policy of the company or external, such as an expectation of rising in prices of fuel in the future.

It is an external reason, we are expecting a rise in the prices of fuel in the future. What do you think is the reason for this expectation?

The expectation could be because of demand or supply-side factors.

Yes, go on.

Focusing on demand- there could be a rise in the demand by the Aviation or Non-Aviation industry, which causes the prices to rise.

What about the supply factors?

Profitability – 3

Supply can be broken down into three major steps- Production, Distribution and Delivery of Fuel.

The production takes place in OPEC countries. It could be possible that these countries are suppressing the supply of fuel due to some reasons.

Looking at the distribution aspect, it is possible that oil is not able to reach the country due to import restrictions or foreign exchange limitations.

It is a distribution problem but not because of import restrictions or foreign exchange problems. What do you think are the other possible reasons?

Some other possible reasons could be that storage costs have gone up, and an accident may have occurred on the route leading to poor distribution. There could also be geo-political tensions hampering the distribution process.

You are right, there has been an accident due to flooding in Afghanistan so we are unable to get enough fuel. That is all for the case!

Thank you! Have a good day.

Profitability - 4

CASE OVERVIEW

COMPANY

McKinsey & Company

INDUSTRY

Retail

DIFFICULTY



I: There is a firm, ABC partners, which acquired a retail chain. The retail chain has been able to double its revenue in the past year, but the profitability has fallen from 40% to 35%.

Identify the potential reasons behind it.

C: Thank you for the case statement. I would like to ask some clarifying questions.

Sure, go ahead.

Could you specify the nature of the business and what products it offers?

It is almost like a Big Bazaar, with multiple retail chain stores having a target market similar to supermarkets, and it has expanded to 10 new retail stores. Now, how do you wish to go over the declining profit?

Profitability is a function of revenue and cost. It can be inferred from the case statement itself that the cost has gone up, as revenue has doubled in the past year. I would like to enquire which type of cost (fixed or variable) witnessed an increase.

The fixed cost witnessed an increase. Since 10 new stores have been established, the required fixed capital expenditure has increased, leading to a decline in profits.

Okay.

Profitability -4

If the company's electronic segment is experiencing certain crunches and ABC's market share for the same has fallen, how do you wish to address the issue?

By dividing the extent of the problem under three umbrellas – price elasticity, competitors, and substitutes.

Which among them poses an issue?

For elasticity there is none, competitors are present only in the electronics segment and for substitutes, there have been a smaller number of walk-ins because of the easy availability of goods in the online space.

Well, what is your final overview of the ABC firm's profitability decline?

I would suggest four reasons :

- So despite having more stores, customer walk-ins have decreased.
- High fixed costs have risen because of new stores and increased capital expenditure for the same
- Problem with distribution channels because of online space.
- And finally, more returns and refunds in case of online selling and hence reduced profitability.

It was great interacting and discussing your solutions. That would be all for this interview, thank you.

Thank you!

Profitability - 5

CASE OVERVIEW

COMPANY

McKinsey & Company

INDUSTRY

Telecom

DIFFICULTY



I: A few years ago, the government did not allow people to port their sim. Now, go back into the past and assume that the government has just allowed porting sims. Let us say your client is a telecom company. Assess the impact on this company's revenue for the next 12 months.

Revenue/ customer/ month is \$80.

Cost/ customer/ month is \$60.

You have 4 million subscribers and you lose 2% of them per month.

There is a major campaign which helps you gain about 1 million subscribers over the year and the cost incurred to gain every user is \$100.

How will you calculate the profit for the entire year?

C: Let's start with the subscribers we already have - in the first month, we have 98% of 4 million subscribers. Then by the compounding method, this goes on for 12 months, with \$20 per customer per month profit multiplied by the number of subscribers.

Let's say, for the sake of simplicity, that we acquire the same number of subscribers each month from the new campaign, which is equal to 1 million divided by 12.

So, we calculate the profit by multiplying this by \$20 per month and deducting \$100 per customer due to additional cost.

Though this is a fair approach, it is very calculation intensive. I want you to give me a number, so can you think of a simpler way?

I am unable to come up with an alternative approach at the moment.

Let me help you. How many subscribers do you have in the beginning?

4 million subscribers.

Profitability - 5

Now, the average rate of losing subscribers when 2% is compounded over 12 months would be approximately 25%. How many subscribers would you have left at the end of the year?

We lose 1 million, so 3 million are left.

What is the number of average subscribers over the year?

$(4+3)/2$ million = 3.5 million

So, what will the profit be?

Number of subscribers x Months x Profit per subscriber per month = 3.5 million x 12 x \$20

Now use a similar approach for the subscribers gained by campaigning.

We will have an average of 0.5 million subscribers over the year, so the profit will be - $(0.5 \text{ million} \times 12 \times \$20)$ - \$100 million (to account for the additional cost to gain 1 million new users)

Great. Do you have any suggestions to be able to retain customers?

I have 4 suggestions -

- Give offers with semi-annual and annual plans.
- Advertise about the quality of your network, as we are dealing with a situation in the past.
- Take advantage of an integrated system, such as having the same network for your sim and Wifi.
- Introduce apps that give benefits with your network, for example - Gaana was free with Airtel sims.

Okay great! That's all we wanted to know from you.

Thank you, have a nice day.

Profitability - 6

CASE OVERVIEW

COMPANY

McKinsey

INDUSTRY

Warehouse

DIFFICULTY



I: Your client is a warehouse company. They have a warehouse in the outskirts of Delhi and they have seen a decline in profits. You need to understand why.

C: Since when have the profits been declining?

For the past 8 years.

What kind of a warehouse is it?

The client has one warehouse where they have heavy sheets. Several companies have their products in the warehouse. Operations of the warehouse are restricted to the building itself. There is no need for transport. Everything is within the building.

For a basic approach under profit, look at revenue costs.

How do you want me to split the cost?

In this case, you're looking at cost by process. So, you need to trace the journey of the goods entering the warehouse.

Alright. We can consider the following costs:

Tagging Costs will come into play when goods come in and someone needs to log them.

Transportation Costs will show up because the goods are heavy, and need to be transported within the warehouse.

Some maintenance costs will also be present.

Look at the transportation costs.

Profitability - 6

How does the client transport goods within the warehouse?

They have forklift operators. The issue is that there is an increase in transportation costs.

The cost of operating the forklift can be divided into the cost of running that forklift in terms of energy costs and the salary paid to the operators.

Which one of these has seen an increase?

The cost of employees who run the forklift has increased. Why don't you trace the cost of employees within the company? Look at their lifetime cost.

The employee journey begins right from the recruitment stage. Associated costs are recruitment costs, training costs, salaries, and miscellaneous costs. Which of these should I examine?

The training cost of employees has gone up. Let us talk about it.

Sure. What kind of training do they provide? Do they teach them how to drive or operate the forklift?

Yes, they provide them with a plus-plus licence, which is essentially a normal driving licence and a license to operate a forklift. They hire unskilled people who don't know how to drive and then teach them.

Why is the training cost going up?

So, the total number of employees remains the same, however, there is a larger churn rate. Hence, the client is spending more on training.

So it is a retention issue.

Yes. What do you think are the factors that employees look at when they want to work in the company?

Employees look at monetary and non-monetary factors. Monetary factors include salary, benefits, etc. Non-monetary factors include accessibility to workspace, work environment, etc.

Profitability - 6

The issue is with accessibility as the warehouse is located on the outskirts of Delhi. A lot of employees now prefer working in Delhi itself. What do you think these trained forklift operators can do in Delhi?

Delhi is a construction-heavy city. They can either work for towing companies or four-wheelers. They have a plus-plus licence, so they can either work as cab drivers or operate cranes, trucks and six-wheelers.

Which one do you think has caused the retention problem out of these three?

The client has been facing a decline in profits for the past 8 years i.e. since 2013. The advent of Uber could possibly have induced the trained forklifters to leave their jobs and use their plus-plus licences to work as Uber drivers.

Okay great! That's all we wanted to know from you.

Thank you, and have a nice day.

Brownie Points:

- Suggesting the advent of Uber as a possible reason behind the company's declining profits.

Market Entry -1

CASE OVERVIEW

COMPANY

McKinsey & Company

INDUSTRY

Manufacturing

DIFFICULTY



I: Your client is trying to set up a manufacturing plant, what are the factors that you will look at?

C : Are we tapping into a new market, fulfilling a created demand, or trying to create new demand?

You are setting up a new plant for an existing company.

The first step we should take would be to perform a cost-benefit analysis.

Elaborate on this.

We mainly have two costs – set up costs and operating costs of the new plant.

On the benefits side, we will consider the demand for the product, and where we are setting up the plant.

You should also consider other metrics.

We can look at how it integrates into our current business operations.

Could you evaluate this for me.

When we open a new plant, the company would need more employees. This would lead to an increase in our management costs.

It would also decrease management efficiency. This could hamper quality assurance, staff supervision etc.

You are still missing something, what about marketing?

I did consider that factor. However, I believe that since it is a manufacturing plant we should just focus on the demand and costs. The costs that we incur for marketing will be simply considered a part of the running costs.

Market Entry - 1

Ok that's all!

Have a good day!

Market Entry -2

CASE OVERVIEW

COMPANY

Bain & Company

INDUSTRY

Ed-Tech

DIFFICULTY



I: Your client is a US-based Ed-Tech giant and it wants to enter the Indian market. What are the parameters you think should be taken into consideration and what advice will you give them?

C: I would like to start with some preliminary questions.

Yes, go ahead, please.

Alright, thanks. So what is the standing of the company in North America, is it currently operating in any other region apart from North America?

They are operating only in North America as of now, where they are the market leaders. They want to enter the Indian market for revenue and profit maximisation.

What are the educational tools/instruments that it has in place? Do they have a website or an app?

They have both a website and an app through which their content can be accessed.

Do they have tie-ups with any university?

They do have tie-ups with certain universities in North America.

Alright thank you so much! May I present my analysis?

Sure, go ahead.

Okay, so the parameters that I think should be taken into consideration are:

- Marketing- How will we market ourselves effectively to ensure that we reach our target consumer base.

Market Entry – 2

- Legal- It practically involves how we negotiate with the Indian Government before entering the Indian market. Certain approvals that may be required from the government should be taken into account. Furthermore, financial statements and other company-specific data may be needed by authorities.
- Price- India being a price-sensitive market, it is imperative that we focus on the positioning and pricing of the products so that we are able to penetrate into the market.
- Competitors- Our USP and Differentiation should also be taken into account i.e. how we differentiate from our competitors and other Ed-Tech market leaders in the region like Byju's and Unacademy. Do we have the financial resources to compete with all these big firms?

Okay, what would your suggestions be to the company for marketing their product and competing with the already established firms?

In a country like India where celebrities have a lot of following, partnerships with them as brand ambassadors can be done to gain popularity. Being a market leader in North America, funds shouldn't be a problem, hence marketing through YouTube and Instagram influencers can also be done. Since we are targeting students which is a young population, focusing on social media marketing can prove to be a huge hit and can end up being a game changer for us.

Furthermore, a freemium model can be followed wherein some free videos can be provided on YouTube and Instagram to push the customers into our premium pricing model afterwards.

Coming to our distribution and differentiation aspect, we can have a very diversified product portfolio wherein we can provide some courses for very cheap to target the lower middle-income groups. Byju's, Unacademy, and other popular firms in the region play on very high value for the courses.

This is where we can create our USP by providing quality courses at a much cheaper rate than the market leaders.

Thank you, that would be all.

Market Entry –3

CASE OVERVIEW

COMPANY

Bain & Company

INDUSTRY

Restaurant

DIFFICULTY



I: Your client is a partner at Bain and he wants to leave and start his own restaurant in Cyber Hub. He hired you to understand whether he should go ahead with this or not

C: What is his objective to start this restaurant?

His objective is to achieve a better work-life balance.

Are we looking at any other metrics like profitability or revenue?

He is looking at a 15% profit margin.

What kind of restaurant are we looking at?

He is looking to open his own restaurant. An average Cyber Hub restaurant cum bar.

Profit = Revenue - Cost

Let's first look at the revenues and then the costs.

Under the revenue segment, we try to determine how much revenue he made in that restaurant.

There are two segments - restaurant revenue and bar revenue. We can then take the average revenue of the restaurant and bar. We consider the restaurant operational 7 days a week.

Do we have specific hours of operation?

Look at 8 hours of operations on weekdays and 10 hours on weekends.

Market Entry – 3

What are the average occupancy numbers?

You can go ahead with 80% occupancy on weekdays and 100% on weekends.

Number of hours × Number of customers × Average ticket size (assuming that tables clear in intervals of one hour)

Assuming that people who go to Cyberhub on weekdays are primarily office-goers, it is safe to assume that they have smaller ticket sizes as compared to the crowds who come on the weekends. Let's take a ₹1000 ticket size on weekdays and around double - ₹2000 on weekends per person.

Let us assume that there are 20 tables which is roughly the size of most cyber hub resto-bars. This would mean ~60 seating spots.

Therefore, on weekdays: $60 * 80\% * 1000 = 48,000$

On weekends: $60 * 2000 = 120,000$

This gives us a weekly revenue of:

$48000 * 5 + 120,000 * 2 = 4.8$ lakhs

What if we wanted to work with monthly margins?

We can simply multiply the weekly numbers by 4 to get a monthly revenue figure.

$4.8 * 4 = 19.2$ lakhs

What do you think are the main costs of the restaurant?

We can segment the costs of a restaurant into two broad categories – Fixed Costs and Variable Costs.

Fixed Costs would include costs such as rent lease, employee salaries, electricity, etc.

Variable Costs would include costs of food and liquor.

Market Entry – 3

Can you work out the profit and check whether it is a 15% margin on the cost or not? You can assume some arbitrary numbers.

Rent and maintenance of equipment can be estimated to be around 4 lakhs a month.

Assuming 5 chefs and 15 waiters, wages can be

calculated as follows:

$$5*40000 + 15*20000 = 5 \text{ lakhs}$$

Cost of raw material (ingredients, alcohol etc) can be estimated to be another 4 lakhs

We can add another 1 lakh for miscellaneous expenses including electricity, damages, wastage and so on.

Thus, total monthly costs roughly equal $4+5+4+1 = 14$ lakhs

Thus monthly profits = 3.2 lakhs

$$\text{And margin} = 3.2/19.2*100 = 16.6\%$$

The profit margin is coming out to be just over 15%.

$$\text{Yearly profit} = 3.2*12 = 38.4 \text{ lakhs.}$$

Assuming that a partner makes 35 lakhs at Bain in a year, this represents a roughly 10% increase in earnings.

However, I would still recommend going ahead with this move as it would help optimise the primary goal, which was a better work-life balance, while also leading to a healthy improvement in earnings.

Thank you! That will be all for today.

Brownie Points:

- Rather than looking more at maths which one can figure out, one should never forget the objective.

Market Entry - 4

CASE OVERVIEW

COMPANY

Praxis

INDUSTRY

Automobiles

DIFFICULTY



I : Your client is a used car automobile player looking to enter Delhi. Understand the market potential of used cars.

C : Can you please tell me what exactly our objective is?

You have to value the used cars and hence, find the value of the used car market in Delhi right now.

Okay, in what terms do we want to value the market? It could either be in terms of the net value, the number of used cars, the number of customers in the market, etc.

Let us go ahead with the total money in the market, which is the (average value of a used car x the number of used cars in the market).

I'll start off by taking the entire population and dividing it into brackets. First obviously on the basis of area, i.e., Urban (70%) and Rural (30%).

Great, you can continue with this approach.

So, let's take the population of Delhi to be 20 million. So, urban population = 70% of 20 million = 14 million. Now, the income brackets that i'm considering for urban population are:

Upper > ₹10L per annum

₹2.5L < Middle < ₹10L per annum

Lower < 2.5L per annum

The reason that I have taken higher income brackets is that people need to be able to afford the product to estimate the market size.

Okay, just focus on the urban population and calculate the percentage of households that would be interested in buying used cars.

Okay. So let us assume:

Market Entry - 4

Upper income households = 10% of Urban population = $(10\% \times 14 \text{ million}) = 1.4 \text{ million}$

Middle income households = 50% of Urban population = 7 million

Lower = 40% of Urban population = 5.6 million.

Okay, what will your next step be?

The upper bracket mostly wouldn't be interested in buying a used car as they have the money to afford a brand new car. In the middle income segment, some people might be interested in buying new cars, but some might be interested in used cars. Though, the lower segment would be interested, we will reach a point where people can't afford a car at all.

Thus, we can take the percentage of interested upper income households to be 20%, middle income to be 60% and lower to be 40%. This gives us -

Interested Upper income urban people = $(20\% \times 1.4 \text{ million}) = 280,000 \text{ people}$

Interested Middle income urban people = $(60\% \times 7 \text{ million}) = 42,00,000 \text{ people}$

Interested Lower income urban people = $(40\% \times 5.6 \text{ million}) = 22,40,000 \text{ people}$

Also, a car is like a household commodity. By this, I mean that each individual wouldn't be owning a car, rather the entire household will have a car. Let's assume the average size of an urban family to be 4 people.

So, we have

Interested Upper income urban HH = $(280,000/4) = 70,000 \text{ HH}$

Interested Middle income urban HH = $(42,00,000/4) = 10,50,000 \text{ HH}$

Interested Lower income urban HH = $(22,40,000/4) = 5,60,000 \text{ HH}$

So, total HH = 16,80,000 HH

Market Entry -4

Okay, how would you go about valuing a used car?

I will break this into how many years a car has been used for -

5 years

10 years

New cars - Since the higher models go at around ₹30 lakhs whereas the lower end models at around ₹10 lakhs, I am taking the mean value to be ₹20 lakhs.

Roughly halving this value will give us the value for a 10 year old car = ₹10 lakhs. Now, since depreciation would be lesser for a relatively new car, we can take the price of the 5 year old car to be ₹15 lakhs.

The Delhi market is price sensitive, so you should go with around ₹8 lakhs for the 10 year old car and ₹12 lakhs for the 5 year old car.

Sure, now in order to simplify things, I'd like to keep a 50-50 split between 10 year old and 5 year old cars.

Taking out market value now will give us =

$$\begin{aligned} & [(\text{Total HH}/2) \times \text{value of 5 year old car}] + [(\text{Total HH}/2) \times \text{value of 10 year old car}] \\ &= [(16,80,000/2) \times 12 \text{ lakhs}] + [(16,80,000/2) \times 8 \text{ lakhs}] = 1,68,00,000 \text{ lakhs} \end{aligned}$$

Perfect, that's all I wanted to ask you.

Thank you, have a great day.

Brownie Points-

- Mentioning depreciation factor for valuing used cars.

Market Entry -5

CASE OVERVIEW

COMPANY

BCG

INDUSTRY

Watches

DIFFICULTY



I: Your client is a Swiss watch company, which is a traditional luxury watchmaker but now it has been extending its consumer base to the middle class. They also want to expand to the US market. How would you go ahead with these plans?

Carry out a qualitative analysis.

C: Thank you for the question. I will be asking some questions and based on those answers I will decide if I suggest going ahead with the expansion plans. May I proceed?

Sure, go ahead.

First of all, I will begin by asking how long have they been established? Are they confined to only the Swiss region or are they working in different countries as luxury watch makers? What is the size of the company as compared to other luxury Swiss watchmakers? Are watches the only segment that they focus on?

Alright! So as to fill in some of the gaps for you regarding the company, the consumers in the US are still unaware about the brand though they are a part of the luxury sector. The brand has majorly been confined to the regions that understand Swiss watches and prefer them to American watches. Their product is pretty similar to other Swiss watchmakers though the company has a different reputation as it has been working on watches for a long time. Now you may proceed with the analysis.

Market Entry -5

Sure, then I will be asking the questions on four parameters :

- Product
- Customer
- Competition
- Company

So starting with Product, we can analyze the product details, how is this product different from other US watches, any other substitutes in the market or any other complementary products. In case these watches go bad, will the Swiss makers provide any service centres or will the customers be provided access to general accessories?

Okay, so this is the product analysis, right?

Yeah, and now for the customer analysis. As per the question, we know that the customer market focuses on the middle class and the upper class because it is a luxury watchmaker.

I am assuming the upper-middle class must have already purchased other US watches so they might want to try out other brands as well, hence, the number of people who belong to the middle segment buying this product will depend on the price.

However, people from the upper class can easily buy this product because they focus on the brand value rather than the product.

For example, people have been buying products from Gucci and Louis Vuitton because of the brand value and not the product so this factor can work in our favor.

One more important thing is elasticity. Do people have a preference or do they switch brands based on the prices?

Market Entry -5

Moving on to the competitive analysis, the major questions which I want to ask are what is the market share of other luxury companies in the US? Are there any new entries every year in this sector? Do our prices differ from our competitors'?

Customer loyalty is also very important. Are the customers open to other brands or do they stick to only our brand? And the last thing is about market growth. Is the watch market growing at a decent rate or not?

Lastly, for the company analysis we need to consider if we have the resources to set up a value chain or do we have to bring them up?

Next, I would like to ask about the cost structure but since this is not what is asked in the question so I won't go further about this aspect.

Very well, so apart from this what do you think can be done in general, to expand the market in the US?

Since it is a luxury watchmaker it will be easier to convert customers in the US because many people, especially the upper section, is very loyal to Swiss brands. Hence, it won't be very difficult for a Swiss watch maker, who already has a reputation to enter the US market. Considering that there are no major players, this brand can easily establish itself in the US market just by differentiating its products a little bit.

So what do you suggest to the company, is it profitable to enter the US market or not?

Yes, it is profitable for the company to enter the US market but then it all comes down to whether they can establish a value chain or not. However, theoretically, it is a good idea to enter the market because there is limited competition and being a luxury brand, it is easier to build an image than targeting customer segments directly.

All right! That would be all.

Great, thank you so much!

Market Growth -1

CASE OVERVIEW

COMPANY

McKinsey & Company

INDUSTRY

OTT

DIFFICULTY



I: You are the CEO of Netflix and during the Covid-19 pandemic, you have seen tremendous growth. If you wish to maintain this growth rate, how would you do that?

C: When you say Netflix has seen tremendous growth, which geography are you referring to?

India

What do you mean exactly when you say growth - profit, revenue or subscribers?

The number of subscribers has seen growth.

When we are assessing growth, we look at two points - either we look at the existing business or we look at new factors.

Under the existing business, there are two branches - how we can directly increase the number of subscribers and (average plan value x number of subscribers).

Under the new business, there are 3 categories- new geography, new products and joint ventures or mergers.

Which one should I go with?

Let us look at the existing business first.

If we focus on the average plan value, Netflix India caters to a group which is largely non-working and hence price sensitive. So, reducing the average plan value might lead to more subscribers.

This is the price aspect, let us look at the number of subscribers.

Market Growth -1

In a model like Netflix, we can get subscribers through either Content Creation or Promotion.

Under Promotion, we can use social media platforms such as Instagram.

Okay, what do you mean exactly by content creation?

Content creation also involves 2 aspects – either we should add new content, which I would count in the new business ideas.

Secondly, we should analyze what kind of content India watches and start creating similar content.

What do you think India watches?

I would say crime and thrillers are popular genres.

Could you tell me about the new business plans?

This includes new geography. Netflix is not a new concept in metropolitan cities but it is in Tier 2 cities. So, Tier 2 penetration is something that could keep up our growth rates.

What about new products?

We could introduce regional content and folktales.

India's middle-class population has a rising income, and they value their child's education a lot, so we could also introduce educational content.

What about mergers and acquisitions?

Acquiring local, regional platforms which have a better understanding of what people like to watch can help capture even the middle-aged population and lead to an increase in subscribers.

This is fine. Now assume you are given a blank cheque. Tell me the craziest thing you would do with it for promotion.

Market Growth -1

I will sign Bollywood stars and ask them to promote Netflix since in a region like India they are basically worshipped.

In India, foreign trips are still considered to be a luxury. We could introduce a scheme that one lucky subscriber would win a foreign trip, after reaching a given target of subscribers. I would also use the money to acquire regional platforms.

But when I say give me a crazy idea, why are you not acquiring Amazon or Hotstar?

Due to industry barriers and legal restrictions to discourage monopoly.

Let us assume there is no restriction. You have a choice between Amazon, Hotstar and regional platforms. Tell me the order in which you will acquire them.

I will acquire Hostar first because it will add the most to the content.

Hotstar has separate content for kids by Disney and Disney pictures also have a huge following, even among teenagers.

India has a huge sports fandom and Hotstar has contracts with different leagues to live stream sports events.

Second, I would acquire Zee as this would give us regional content and would also help us in understanding the preferences of our audience better since it has been around for many years now.

Amazon would thus be my last choice.

That is all for the interview. Thank you!

Thank you. Have a good day!

Brownie points-

- Recognising the existence of industry barriers and antitrust laws to acquiring Hotstar/Amazon.

Pricing - 1

CASE OVERVIEW

COMPANY

Bain & Company

INDUSTRY

Water Purification

DIFFICULTY



I: XYZ company has developed an innovative product- a powder sachet that purifies water within 20 minutes when mixed in it. The price stands at Rs. 1/ sachet. The company aims to enter the Indian Market. You are required to suggest a break-even quantity given the pricing strategy adopted by the company.

C: Thank you. Can you guide me through the various costs that the company would incur?

It is given that the fixed cost is Rs. 10Cr, variable cost = Rs. 0.2/ sachet, the other variable cost = 20% of the variable cost

Alright.

Break even quantity is the quantity where Revenue = Cost.

$$\text{Revenue} = (\text{Rs. } 1 / \text{Sachet}) * x = 1x$$

Cost = Fixed cost + Variable cost

$$= \text{Rs. } (10\text{cr} + 0.2x + 0.04x)$$

Revenue=Cost

$$x = 10\text{cr} + 0.2x + 0.04x$$

$$0.76x = 10\text{cr}$$

Eventually, $x = 13.1$ crore (Break-even Quantity)

Pricing -1

Yes, it is quite close to our calculations. But, what if we do not give you any particular estimate about the fixed cost or the variable cost, what are the strategies/methods you will adopt to calculate the price for the product?

Basically, There are 3 pricing mechanisms by which we can estimate the prices:

- i) Competitive pricing: But, since our product is an innovative product and it is new to the market it does not particularly have any primary competitors. So we can not use this method.
- ii) Cost-based Pricing: Considering the margin that the company wants to maintain with the selling of each sachet, we can accordingly estimate a price.
- iii) Value-based Pricing: This mechanism basically revolves around the value that each sachet offers. It includes the value involved in the purified water obtained with the help of electric or non-electric RO.
- iv) Price-elasticity approach: Basically, involves the changes in the prices, the company can make, keeping in view the demand changes of the given customer segments.

We can make a table involving the prices estimated using each of these methods and the price with maximum profit generation can be arrived at.

Well, that was a great analysis. What about the operational feasibility of the product?

We can divide this into the value-chain: Production, Distribution and Customer Reach.

For Production, we need to ensure the technical feasibility to manufacture more sachets at a lesser cost.

For Distribution, we need a proper marketing strategy and ensure hassle-free availability of the product.

Pricing -1

Similarly, for Customer Reach, we will have to devise a proper strategy to tap the target customer base. We can have a separate, dedicated team to look into the functioning.

I think we can arrange the above-mentioned requirements. Thank you for sharing your approach. That's it for the time being.

Thank you!

Pricing- 2

CASE OVERVIEW

COMPANY

Bain & Company

INDUSTRY

Transportation

DIFFICULTY



I: A helicopter service transports people from Delhi airport to Noida, Gurgaon, and some other parts of Delhi NCR. You have to set up the pricing for the same.

C: How many seats are in a helicopter used in the service? How many helicopters does the company have? And do they have all required registrations and licenses?

You can set the number of seats according to the cost. You can do the same for the number of helicopters as well. Yes, the company has all the licenses, permissions, registrations, and other things required to operate the service.

For pricing, cost sets the lower limit. The benefit to the customer places the upper limit. The competition also has an influence and ultimately, the price will be somewhere in between the upper and lower limits.

Let us take 10-seater helicopters as they are the most common model available to buy today. So, starting with costs, can you give me estimates for fixed and variable costs for the company for a 10-seater helicopter? Let us take 1 helicopter for simplicity.

Take the fixed cost as 20 lakhs/week. You can calculate all variable costs accordingly.

If we take the fixed cost as 20 lakh, we can add about 8 lakhs of variable cost, which we can estimate at about 40% of the fixed costs. This is an estimate including fuel costs, maintenance costs, and helipad charges among others. This is roughly along the lines of aviation industry cost structures.

We get a price per day of $28 \text{ lakhs} / 7 = 4 \text{ lakhs}$.

Pricing - 2

If a 10-seater helicopter makes 16 rounds in one day, the price per round comes to be 25000, and the price per seat comes to 2500. Now, we add a profit margin of about 500 per seat which is a total profit of 5.6 lakh per week.

Adding all this we get a minimum seat price of about ₹3000. Increasing the profit requirements and at times the occupancy would not be full for the helicopter but in order to maintain its working we need to increase the per-seat cost, we can have a maximum price of around ₹4000 as well. Since I think customers wouldn't be willing to pay more than this. Thus we can take a price range of about ₹3000-4000 per seat for the helicopter ride.

How do you calculate the benefit to the customer to arrive at the maximum price?

The first benefit that I can think of is the time saved over taxis. The second benefit is comfort. The third benefit is a new experience, and the final benefit is that a taxi in the market takes around ₹1000-1500 for the same journey which takes about 2 hours. For just double the cost, you get much better service.

Can you quantify these?

The comfort and the new experience thing is not something that I can evaluate numerically so I will use a compounding factor of 1.1 for them. We can use hourly earnings as an opportunity cost metric. So if the ride saves you 2 hours, your benefit is the amount you earn in 2 hours.

Alright, using this idea of opportunity cost, what is the average income of your target customers?

So if the person is getting paid 4k for two hours, so he would be making a per day income of about 24k. Which for 30 days of a month gives 7.2 lakh. Adding about 28% income tax every month. His salary would come around to 10 lakh per month After doing a rough calculation a number of around 1.2 crores-1.5 crores (In case of some added benefits in salary) per year of income comes around.

There are very few consumers of this service and that too in such a high-income bracket. What should we do now?

Pricing - 2

From the preceding calculations, we obtain such a low number of consumers that we could either shut down our operations or have to reduce the number of trips to reduce costs and make the helicopter business more feasible.

Thank you. That will be all.

Thank you, and have a nice day.

Pricing- 3

CASE OVERVIEW

COMPANY

ZS Associates

INDUSTRY

Automobile

DIFFICULTY



I: Your client is planning to launch a new automobile which is an ultra-affordable model. What price should they charge?

C: Thank you for the case. I would like to ask some clarifying questions.

Go ahead.

Are there any competitors in the market?

Yes, there are 4 major competitors in the market and about 30% of the sector is still untapped. Your client, Star Gear accounts for almost 20% of the market share.

Okay, so first we will analyze how the market share of each competitor has been affected due to Star Gears' entry and calculate how much share each competitor has lost to Star gear. Then we will analyze which one of them is still able to hold a major portion of its share i.e whose market share has been least affected.

Okay, let's assume there are 2 competitors who haven't lost much of their market share.

After this, we will calculate how much share it has capitalised from other players in the ultra-affordable segment.

To determine the price we will look at it from 2 sides: the demand side and the supply side.

For the supply side, we will use the marginal cost and marginal revenue approach.

The combination at which it is equal will therefore determine the cost of production.

This will help us in setting the price for our cars.

Pricing- 3

To get to the exact price we use the demand approach and look at the demand for the cars at different prices including the GST and choose the combination that maximises profit.

Assume the price to be around 2 lakh for the sector. Which segment of the population will you target then?

We will first divide the population into urban and rural-

As the price is around 2 lakh, people with an income of less than 5 lakh and people with an income bracket of Rs. 5-10 lakh will prefer to buy the car.

These people account for roughly 45% (for less than 5 lakh) and 21% (with 5-10 lakh) of the urban population and hence they can be tapped.

In respect of rural areas, people that fall within the income bracket of 5-10 lakh should be taken into account and they comprise about 16% of the rural population.

Further, there are households in India whose income is between Rs. 11-25 lakh and they may look for an option to purchase an additional car, hence they can be targeted as well.

But our overall target should be people in sub-urban areas with income between 5-10 lakh.

We can also target people within the age group of 18-30 as they account for 39% of the share in the ultra-affordable segment.

Is there any other customer class it can target?

As an additional segment, it can look forward to selling cars to rural people within the income bracket of 11-25 lakh because they can afford to spend some money on cars.

What marketing strategies would you use to promote your product?

Pricing- 3

I have the following things in mind -

- We can sponsor reality TV shows.
- Print ads in wide-reaching newspapers and also highlight various discounts and offers.
- Television ads with families bringing 'prestige' home.
- The company should promote it as a utility vehicle.

Moreover, we should focus on the age group of 18 to 30 years who live in the suburban areas and earn between 5-10 lakh income. This is because we know they look for factors like safety, mileage, airbag quality, and comfort in an automobile.

Festival-themed launches or schemes should also be launched for instance, during Diwali or the New Year season as they are the biggest buy points.

Great, this will be all for now.

Thank you so much!

Market Sizing - 1

CASE OVERVIEW

COMPANY

Bain & Company

INDUSTRY

Water filtration

DIFFICULTY



I: Your client is a water filtration company that wants to launch a water purifying pill in the Indian market. Calculate the Total Addressable Market and potential for revenue generation for the product.

C: Thank you for the question. Could you clarify the price of the pill and whether we are looking at the first 6 months or 12 months while calculating the revenue? Also, how many litres of water does it purify?

A pill costs Rs.5 and we are looking at the entire 12 months for the revenue. Specifically, 1 pill can purify 1L of water.

Okay. To begin with my estimate,

The Total Addressable customer base for the product can be calculated with the following approach-

I would segment the Indian population into urban and rural.

Total population of India = 140 Cr.

Total urban population= $30\% \times 140 \text{ cr} = 42 \text{ crore} = 40 \text{ crore}$ (Approximately)

Total rural population= $70\% \times 140 \text{ cr} = 98 \text{ Cr} = 100 \text{ Cr}$ (Approximately)

Since the purifying pills are used by households, I would assume that an Indian household contains 5 members, on an average.

No. of rural households = $40/5 = 8\text{Cr}$

No. of urban households = $100/5 = 20\text{Cr}$

Now, I would divide the households further in terms of income.

Market Sizing - 1

Higher income segment = 5% = 40 lakh rural households + 1Cr urban households

Upper Middle class segment= 20% = 1.6Cr Rural households + 4Cr Urban households

Lower middle class segment= 20% = 1.6Cr Rural households + 4 Cr Urban households

Lower-income segment = 25% = 2 Cr Rural households + 5Cr Urban households

BPL segment = 30% = 2.4Cr Rural households + 6Cr Urban households

(We can overlook the Lower Income Segment and BPL segment since there are government arrangements for potable water supply in the form of Public water tanks and minimal individual consumption. But, we can consider HIG (High-income Group) as a potential customer despite the RO filters that are commonly used by the segment.

Potential Customer Base = No. of households in (higher income segment + upper middle-class segment + lower middle-class segment)

= 3.6Cr Rural households + 9Cr Urban households = *12.6Cr households*

The potential for revenue generated for the company would be-

Each person consumes 2L of water/day. (Assumption)

Each household consumes 10L of water/day.

Each household consumes 3650L of water/year.

Total revenue potential= 3650L/1L * Potential Customer Base * Price/pill

= 3650L/1L * 12.6Cr * Rs.5

= Rs 2,29,950Cr.

(Assumption: We are able to address the entire of Potential Customer base, irrespective of geographical or resource constraint barriers.)

Okay, that would be all. Thank you!

Market Sizing -2

CASE OVERVIEW

COMPANY

McKinsey & Company

INDUSTRY

Agriculture

DIFFICULTY

I : You are a consultant to an agricultural company, producing various kinds of products like insecticides, pesticides, fertilizers, etc. Currently, the company has the second largest market share and wants to expand in a certain district of Punjab. Evaluate the market size and present a strategy to expand its market share.

C : We could have two approaches to calculate the market share. We can go either by the number of farmers or by the land size, which is the proportion of arable land. If we approach it from the number of farmers, we must consider the requirement of these products by each farmer. In the case of the land approach, we must look at the annual crop growth, the number of crop cycles, and the number of products needed for each cycle.

Let's focus on approaching the case through land size.

Are we calculating the market size of Punjab or India?

For Punjab.

Could you please share some numbers with me?

Sure. Punjab has a total land area of approximately 50,000 sq km. We have three crop cycles in India spanning the entire year. For simplicity, assume that the company provides pesticides at Rs. 100/20 kg and herbicides at Rs. 300/10 litre. They also provide fertilizers of two types costing Rs.150/50 kg and Rs. 350/50 kg.

What about the usage of these products with respect to the land area?

Market Sizing - 2

The consumption each year would be 150 kg/ha for fertilizers costing Rs. 150, and 80 kg/ha for the other one. They also need 1.5 kg/ha of pesticides and 0.25 l/ha of herbicides.

Is this consumption annual or per crop cycle?

These are annual consumption rates.

Punjab is one of the most agriculturally rich states in the country. So, let us assume that 80% of the land is arable. This works out to 40,000 sq km or 4 million hectares of arable land.

For pesticides, we calculate: $4 \text{ million} * 1.5 * 100 / 20 = 12 \text{ crores}$

For herbicides, we have: $4 \text{ million} * 3 * 300 / 10 = 3 \text{ crores}$

To make the calculations for fertilizers, have we been given a proportion of the usage of the two fertilizers?

No, you can make an assumption.

Okay, as Indian agriculture is characterized by small and medium farmers, most of them would prefer a fertilizer that is cheaper. Let's assume 85% of the land is provided with the cheaper one, and the remaining 15% of the land area is given the expensive variety.

So our calculation will be as follows:

Type 1: $3.4 \text{ million} * 150 * 150 / 50 = 153 \text{ crores}$

Type 2: $0.6 \text{ million} * 80 * 350 / 50 = 33.6 \text{ crores}$

Thus, our market size comes out to be approximately 200 crores.

However, the data suggests that the market size is 150 crore.

Market Sizing - 2

It is possible that some of the arable lands have been put to residential use. So, we can further refine the estimate by considering residential areas and non-arable lands as filters for the calculations.

Alright! We can now move on to the marketing strategies for the company.

The company can give out free samples to farmers. We must also talk to people and convince them to use our product.

What about Digital Marketing? Don't you think it is a great tool in today's times?

Yes sir, Digital Marketing is gaining tremendous importance in recent times. However, we also need to look at the market we are targeting.

Would it be ineffective in our case?

Rural areas do not have great internet connectivity and even when they do, most farmers are not digitally literate. This would mean that digital marketing has a very limited reach in the market. However, if the data points otherwise, I would incorporate Digital Marketing as a strategy.

Okay, that's all I want to ask you. Thank you!

Thank you!

Miscellaneous - 1

CASE OVERVIEW

COMPANY

McKinsey & Company

INDUSTRY

Construction

DIFFICULTY



I: Your client, a construction firm, is trying to build a new city in Asia. They want to make the city eco-friendly by using green steel. What are some of the questions you will ask the client?

C: What exactly is green steel?

It refers to steel produced in Hydrogen furnaces instead of carbon. These furnaces emit a very low quantity of CO2 emissions.

Is it possible to import steel from another country, so it will not be produced in the country?

The client is environmentally conscious and is concerned about the environment of the whole world. He would not prefer to import steel.

Is it feasible for the client to produce green steel?

Yes, it is feasible as it will be produced in the city itself.

Can you give an idea about the timeline of the project?

The project will be operational in 3-4 years. The manufacturing of steel should commence from 2025.

Does the project face any socio-economic or financial constraints?

There are no financial constraints to the project. What are you referring to when you say socio-economic constraints? Can you give an example?

Sure, so when the Government of India started producing copper in Tuticorin, people protested because they were unhappy with the methodology used.

You do not have to take into consideration any such constraints for now.

Okay.

Miscellaneous - 1

Let's move on to deciding whether or not we should use green steel for the project.

What is the extra cost of making a unit of green steel?

The cost of regular steel is Rs 100/Kg, while for green steel it is 120/kg.

We can perform a Marginal Cost-Marginal Benefit analysis.

Yes, go on.

Alright, so we will take Rs.20, which is the marginal cost, and include an additional cost of technology for making green steel.

No, do not take any technology cost, just consider the marginal cost of Rs 20/unit. Let's move on, what do you think the Marginal Benefits of our project could be?

The marginal benefits are-

Reduction in CO2 emissions- which lowers health cost for citizens.

Employment opportunity for people leading to economic development.

Selling ESG Tokens to Financial Investors

A Carbon tax can be levied as citizens are expected to pay higher taxes for getting health benefits.

Great! That's all, thank you.

Brownie points-

- Introducing a technology cost as Green steel is a new technology.
- Mentioning the Tuticorin example and reference to ESG Tokens.

Miscellaneous – 2

CASE OVERVIEW

COMPANY

KPMG

INDUSTRY

-

DIFFICULTY



I: Good morning, how are you?

C: Good morning! I am doing well. What about you?

I am good too. Have you been following the US-NATO troop withdrawal from Afghanistan?

Yes sir.

Do you think the Taliban needs a consultant for establishing quick control over Afghanistan?

I believe that the US needs a consultant to ensure a not-so-hasty withdrawal from Afghanistan.

I can not disagree with that. We will explore both sides. For now, assume you are a KPMG management consultant hired by the Taliban. They want help to occupy Afghanistan as quickly as possible. What would your suggestions be?

We first need to create a mutually exclusive and collectively exhaustive list of the regions and states in Afghanistan, taking into consideration the extent of the civilian population and whether or not the states are militarized.

Let's say that has been done. Which areas should the Taliban focus on?

The Taliban must focus on capturing strategically significant states like Kabul which is the capital state. They must also establish control over border areas. This can help them to disrupt supply chains by restricting the imports and exports of the country. These inconveniences to everyday life would force the civilians to give in.

Do you think the Taliban could use some international help?

Miscellaneous – 2

Yes, they can collaborate with the Sino-Russian alliance.

Sounds great, coming to the other part now. What is your opinion from the US point of view?

The US did divert a lot of their resources towards the Syria-Iraq war situation so it is understandable why they would want to move out of Afghanistan on an urgent basis. There was also the problem of the foreign policy interests of the US not being served. However, taking such an essential decision in haste was not the best option.

Great insights, that is all for this case. Thank you.

Thank you, have a nice day.

Brownie Points –

- Even if you do not know a particular topic too well, such as the ones given in this case, stick to a methodical approach and connect it to the things you already know. Approaching the case through strategic locations helped the candidate stand out here.

Miscellaneous – 3

CASE OVERVIEW

COMPANY

McKinsey & Company

INDUSTRY

IT

DIFFICULTY



I: You need to formulate an attractive incentive structure for the sales force of a company.

C: Can I know who the client is?

The client is an IT company that deals in the B2B sector. They have a sales force of 1,000 people and its revenue is \$5 billion.

Okay, may I know the objective?

The sales force mainly operates on incentives, so rather than giving a higher base pay, we can lessen it and make the rest of the pay variable, depending on their sales figures. This will ensure that the sales force remains motivated to keep their numbers up. This is why we need an incentive structure.

Are there any constraints on the financial resources?

Not really.

What were the drawbacks of the old structure?

The workforce isn't motivated, the employee turnover rate is high and we need to reward the high performers. The employees basically want immediate gratification, which they are not receiving as of now.

Is there any other information I need to know?

The employees are focusing on selling the older offerings of the company, whereas we want them to shift this focus to the newer products we offer.

Miscellaneous – 3

Okay, so I'll divide my solution into 3 aspects.

First, I will do an employee assessment.

This will be followed by the formation of a new structure.

The third step would consist of the implementation.

Okay, could you briefly elaborate on the first step?

Sure. We have 2 categories – the employees who are continuing, and the ones who are leaving the organization.

We can extract the motives from the employees who wish to stay, through surveys. And from the ones who are leaving, we can try and determine where we are lacking.

Great, let's move on to forming a new structure.

I would again like to divide this into 3 parts.

The base - on what basis are we calculating the incentive, is it revenue brought in by the employee, the number of deals/clients of an employee or the amount of time an employee is devoting? There is a possibility that the employee is putting in a lot of time, but is not having a successful conversion rate, as sales do tend to be a little luck-based as well.

What is the basis of the calculation? - is it in percentage terms or a flat bonus? For example, for the new services provided, maybe the base of calculations is revenue and it is being done on percentage terms. So naturally, the revenue accrued on the new services will be less as the sales are still picking up. This could be the reason behind employees focusing on older products. If this is the case, we can offer flat bonuses on the newer services initially.

Miscellaneous – 3

Payment timeline – What is the payment timeline? Is it towards the end of the year, or is it immediate? If it's not immediate, then why so? And if it is feasible, why are we not doing it?

Sounds great! What do you think motivates a salesperson?

I feel that the monetary benefits primarily motivate a salesperson.

Okay that's all I wanted to know from you. Thank you.

Thank you, have a great day!

Brownie Points –

- Focussing on 'immediate gratification, thus arriving at the payment timeline as an important aspect of the new incentive structure.

Miscellaneous - 4

CASE OVERVIEW

COMPANY

Kearney

INDUSTRY

-

DIFFICULTY



I: Suppose, a man is lying dead in the desert, naked, his clothes all around him, and he's got a straw in his hand. Relate the incidents that may have occurred. You can ask me- Yes/No questions.

C: First of all, the man is dead and he is naked in a desert which gives me the impression that he has been murdered. My first line of approach would be to determine how he got there. We could actually break down the 'What Happened' into sub-questions and answer them sequentially to get the answer. Considering this, the best sub-questions in sequence would be:

How did he get there?

How did he die?

Why is he naked?

What's the reason for the straw in his hand?

That's a good start.

Thank you! Coming back to the first question 'How did he get there?' Since it is a desert, we can rule out Water Transport. Were there any roads nearby?

No.

So he must have been there by air, probably a plane or a helicopter which also points to the cause of his death. He must have jumped, fallen, or been pushed off the carrier. Taking this into account, his clothes were taken off on the aircraft and then thrown down.

Miscellaneous – 4

Good going, please continue.

But why is there a straw in his hand? He could've been drinking juice but there's no glass around. Was he taking part in some kind of a lucky draw with the shortest straw?

Yes

Also his clothes are lying around him. If it were a plane or a helicopter the clothes would have been far away from the body. Therefore, this is a very slow-moving aircraft which means that it probably is a hot air balloon.

I believe you have the answer.

Yes I do. The man is on a hot air balloon with a few others but the balloon starts encountering some issues owing to the weight they all must've had to remove their clothes and throw them off. The issues must have continued on, so they must have decided to play the straw game where the person who picked the shortest straw was forced to jump off the hot air balloon, resulting in his death.

Great job!

Brownie Points –

- This was a miscellaneous case (the “trolley problem”) where the approach and creativity are important. It is important to use the bucketing process, each bucket being mutually exclusive and exhaustive.

Miscellaneous – 5

CASE OVERVIEW

COMPANY

McKinsey & Company

INDUSTRY

Pharmaceutical

DIFFICULTY



I : Your client, a pharmaceutical company, started a pilot of a particular drug which has failed. You have to identify the reasons for this.

C : I would like to start by asking a few questions.

Sure, go ahead.

Is it a new drug or are we entering a new region?

It is a new drug with the pilot being launched in Uttar Pradesh.

What is the purpose of this drug?

It is a substitute for the diabetes medicine- Insulin.

Is it an Over-the-Counter or a Prescription-based drug?

It is an Over-the-Counter drug.

Do we have any other information about this drug?

All the medical trials have been completed and we have complete licensing to sell this drug.

Alright, what was the motive and period of the pilot?

It was a 6-month pilot. The motive of this pilot was to sell 5 lakh products. If we could have sold this quantity, we would have considered the pilot to be successful. We have 80 pharmacies, each with 25 customers. All customers need our drug twice a week.

Miscellaneous – 5

Alright, so I will start with the basic sales formula.

Sales= No. of Pharmacies x No. of Customers per Pharmacy x No. of times they buy the drug x Basket size

Going by these numbers, every pharmacy sells 50 drugs in a week, which means 4000 drugs in a week in total. For a duration of 6 months, we sell
 $4000 \times 4 \times 6 = 96000$ products.

We can approximate it to 1 lakh. Do you think that our target was really high?

We can understand that by calculating how many people are buying insulin from the same pharmacy.

We have 125 customers purchasing insulin, 5 times a week from each pharmacy.

This means that we are selling 625 products per pharmacy. So, $(625 \times 80 \times 24) = 12$ lakh products are being sold in 6 months. This means that our target was fairly set.

Then what do you think is the difference between our drug and insulin?

The difference could lie in demand or supply factors.

You are right but I want you to focus on the customer journey for now.

The customer journey will have the following steps- It starts with the need for a drug. Then, the customer goes to the doctor who prescribes the medicine. This is followed by a purchase from the pharmacy. In the case of our drug, the customer uses it 2 times a week. The journey ends with after-sales issues.

We already know that the need for the drug is there. I want you to evaluate each of the next steps in detail.

Since the drug is Over-the-Counter, and no prescriptions are needed, it is possible that doctors do not prescribe it. This might lead to scepticism among people to buy our drug instead of Insulin.

Miscellaneous – 5

What about the step where the drug is being sold in a pharmacy?

There might be a Push-related problem, that is pharmacists might not be willing to sell our drug.

Why do you think that will happen?

This could be related to monetary or non-monetary problems. Monetary problems include lower margins on our drug, unusual payment cycles or shorter credit period.

All of these areas are as per industry practices.

But I believe that the volume of sales is a problem. Our drug is sold only 2 times a week while insulin is sold 5 times a week, so the margin amount automatically reduces.

You are correct. Both cost Rs. 100 per dose. How much would the difference be?

In that case, a pharmacist earns a margin of Rs. 500 per week for Insulin and a margin of only Rs. 200 for our drug, so his earnings are less.

Okay, let's move on to the non-monetary problems. What could they be?

The first problem could be that the pharmacist does not want to push our product. This could be due to ethical reasons or their long-term association with the Insulin company.

Both of these factors are not a problem.

In that case, it is possible that they can not push the product either due to lack of access to the drug or due to storage and packaging problems.

Packaging is not a problem. However, storage is a concern. Our drug requires refrigeration that many pharmacies can not afford. Also, our drug has a shelf life of 1.5 months which leads to a lot of expired products if they remain unsold. Pharmacists do not face such problems with Insulin.

What would your recommendations be for the company?

Miscellaneous – 5

I would suggest the company keep a higher margin rate to incentivise pharmacies and offer bulk discounts to them. They can also provide refrigerators to pharmacies to encourage storage.

Meanwhile, the company must also try to increase the shelf life of the drug.

The company may also tap into online pharmacies such as Pharmeasy, etc to boost sales.

Great, that would be all!

Brownie Points:

- Identifying whether the target was too ambitious or not by comparing it to the sale of Insulin.
- Identifying sales volume as a disincentive for pharmacies to sell the new drug.

Miscellaneous – 6

CASE OVERVIEW

COMPANY

McKinsey & Company

INDUSTRY

Banking

DIFFICULTY



I: Your client is an Australian Bank, a western classical bank which is one of the largest in the Australia-New Zealand region. They want to assess the threat of neobanks. How will you go about this?

C: Can you please tell me what exactly are neobanks?

Neobanks are those banks which do not have any physical branches and they offer basic banking services such as savings accounts, deposits and mortgages.

Okay, is there anything else I need to know?

We will come to it as the case proceeds. For now, you can jump into the structure.

Okay, I will analyze 4 major areas by using the 3C&P framework. The 4 areas I will be considering are customers, competitors, company and product/regulations, which include licenses and permits.

Okay, you can go ahead with this approach.

So for the customers, we can see whether their preferences are shifting towards online banking services or not. We can also check trends, for example, if there are any new players entering the market which are more online-based.

The deposit rate and withdrawal rate need to be taken into account too.

Another factor that can be considered is how people are accessing these services.

Can you talk about the regulatory point?

Miscellaneous – 6

I'd like to divide this category into short-term perspectives and long-term perspectives.

For the short term, we check the presence of an existing regulatory framework for neobanks in the country. If yes, then what are the provisions?

And from the long-term point of view, if there's no framework, does the central bank plan on introducing any such framework. If yes, then how favourable is the outlook?

Okay, now move to competitors.

I'll divide this category into two parts.

Firstly, whether traditional banks are responding to this threat, and how? If not, then why?

Secondly, how are the other neobanks performing? Are they getting a lot of traction? If yes, then why? If not, then also why? What are their USPs?

Great, what about the company?

We'll assess the capabilities of the company. Currently, does a digital infrastructure exist or not? How many branches are there and what are their utilization rates? What is the footfall per branch? What are the expenses incurred for operating each branch?

For utilization rate, we analyze the utilization rate for each service offered to identify how each aspect of the business is operating.

Okay, now let's assume the client has 3,000 apps on the PlayStore, adding 150 apps per year. Now you, as a consultant, have recommended they reduce the number of apps by adding only 25 new apps in a year.

You have also said that they should reduce their existing portfolio by 20% every year. Can you calculate the number of apps for the initial 2 years?

When are the new apps being added, at the start of the year or towards the end? And when are the apps being removed?

At the start of the year, the company would purge all the unnecessary apps and the addition of new apps will be towards the end of the year.

Miscellaneous – 6

Okay, so at the start of the first year, we remove 20% of the current apps. So, the number of remaining apps = $3,000 - (20\% \times 3,000) = 2,400$.

At the end of the first year, we will add 25 apps. Hence the number of apps now = $2,400 + 25 = 2,425$.

So, at the beginning of year 2, we get rid of (20% of 2,425 apps). So the remaining apps = 1,940.

Following the pattern, we will have 1,965 apps at the end of the second year.

Okay great, that's all I wanted to know.

Thank you so much, have a good day!

Brownie Points –

- Clarifying when the new apps are being added and when the old ones are being removed.

Miscellaneous - 7

CASE OVERVIEW

COMPANY

Nomura Investment

INDUSTRY

Confectionary

DIFFICULTY



I: You are a consultant in a very big confectionary company. Your client specialises in producing potato chips. Your client's market share in potato chips has decreased by around 10-15% in the last 2-3 years. Evaluate what is going wrong and give suggestions to remedy this problem.

C: Alright, so it is a global MNC specialising in potato chips and currently catering pan India. It has been facing a market share loss which has happened over a couple of years.

Has the entire market for potato chips shrunk or is it client specific?

No, the market for potato chips has been rising considerably in India with a CAGR of 7-8%.

Is this problem uniform across India or is it a region-specific issue?

The loss has been even across India.

Alright, so is there any specific customer cohort that has been the cause of this loss in the market share?

No, this has got nothing to do with any consumer base, it is again uniformly spread.

Are there any chances that the production unit of the company has failed in the last few years? Maybe due to the spread of Covid 19 there has been a disproportionate rise of Covid cases in some units across India, and the problem is actually on the supply side and not on the demand side?

No, the company is functioning considerably well at its production side; In fact, there has been a year-on-year rise in its production capacity. But the finished goods inventory of the company remains quite high.

Miscellaneous - 7

Okay, so is there any issue with the distribution aspect of our company?

Yes.

Which part of the value chain is having an issue then? Is it from the side of big dealers, wholesellers or from retailers/supermarkets?

Yes, this is the main issue. The sales are not taking place at the last part of the chain that is, Kirana Stores and Supermarkets.

Are the Kirana stores keeping adequate stock?

Yes, the Kirana Stores have been maintaining an adequate stock of our products.

Alright, is there any problem with respect to the wrong way of shelving of our products by the Kirana Stores?

No, they're actually very well placed. They can be easily seen as they're placed in the mid-height shelves.

Has there been some issue with consumer awareness? As there has been a considerable market shift happening these days towards healthier alternatives.

No, there is no issue with consumer awareness as well.

Are the end retailers getting a lesser margin because of which there is lower incentive for them to sell?

We are actually giving them a good margin so no issues with that.

Are any non-monetary incentives given to the retailers? Maybe our competitors are giving better incentives than us.

No giving incentives is not the issue.

Okay, then is it the packaging aspect where there is some issue?

Yes, there is an issue with packaging.

Miscellaneous - 7

Alright! So is this an interior problem or an exterior problem? By an exterior problem, I mean that the product requires a lot of colour coordination and brand image because of which it is easier to find chips and whether our chips packet looks attractive or not is an important factor to take under consideration.

Since we are an MNC, our chips packet, in fact, looks much better than the competitors'.

Okay, so is it due to the discrepancy in the number of potato chips in our packets as compared to the competitors?

The sales for potato chips come from two price ranges which are Rs.10 and Rs.20. Moreover the Rs.10 product has the highest sales. As the price is the same for us as well as the competition the only thing that could differ here is the quantity being offered by our company and our competitors.

Yes! The Rs.10 pack that we sell contains 35 g of potato chips whereas the competitor's packet contains 50 g of potato chips. The consumers would naturally want to get a higher quantity of chips at the same price and they have seen that the competitor's product is also not very bad if not at par with us.

That being said, how do you think a consumer would analyse that a 35 g packet is different from 50 g because most people don't read what has been written on the chips packet?

I can actually think of 3 points:

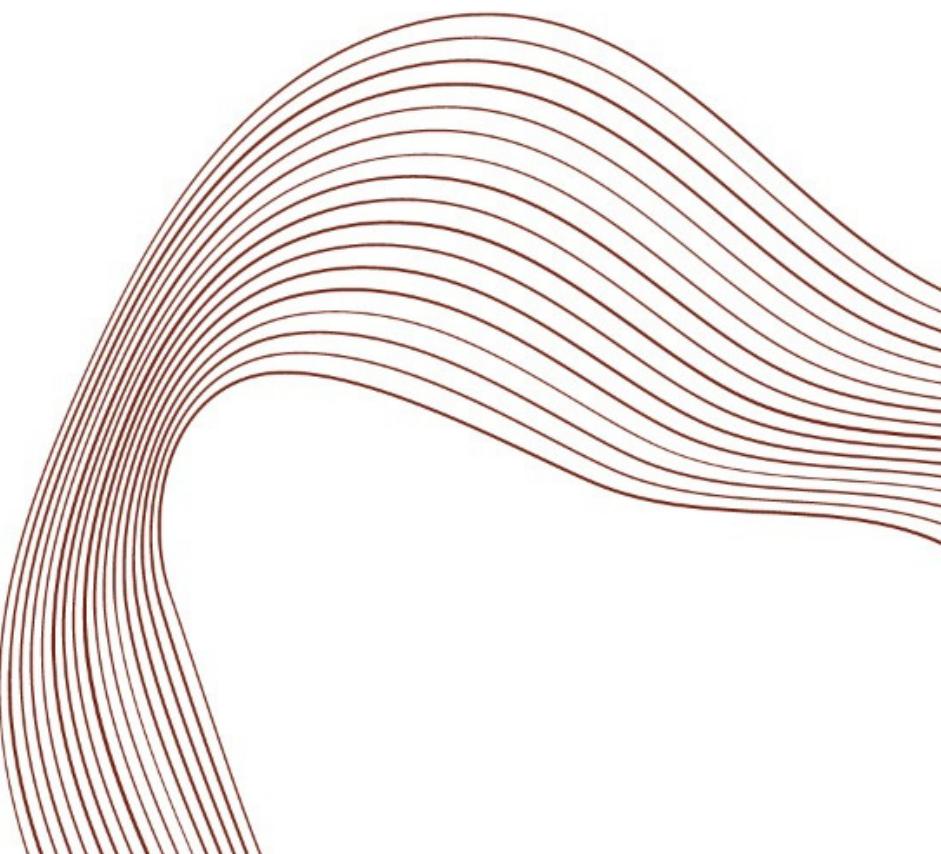
- Firstly by trying chips of different companies people actually get an idea over a period of time and realise which one has more quantity.
- The second point that I would like to add is that the local products are packed in transparent bags where the consumers can see the quantity of the chips and then take the decision. People would prefer transparent packets over opaque ones if it is clearly visible that they have more quantity.

Miscellaneous - 7

- The third way is that, I think, because of the weight of the chips themselves, minor differences might not be detected. However if someone pays close attention to the weight, they can understand the difference.

Okay, that's all we want to ask you.

Thank you!



Section 2 : Question Bank

REAL CASES SOLVED BY UNDERGRADS IN PAST INTERVIEWS

Question - 1

Guesstimate the 0 positivity rate of Delhi.

Suggested solution -

- To calculate - How many people (as a percentage of the total population of Delhi) have antibodies against Covid-19.
- First, take the number of symptomatic cases (recorded by hospitals and COVID tests), and take asymptomatic cases as a function of the symptomatic cases. Also, discount for the fact that all asymptomatic cases may not have antibodies. This gives you the number of people that have antibodies due to contracting COVID.
- Also take into account age groups and mortality rates.
- Next, consider vaccination numbers, and take an overlap between vaccinated people and those who got COVID.
- Lastly, add up the figures, and divide by the total population of Delhi to arrive at the final answer.

Question 2 -

Guesstimate the number of masks sold in Delhi - 6 months pre-COVID and 6 months post-COVID.

Suggested Solution -

- For pre covid- take into consideration the stubble burning and vehicular emissions around the Diwali period.
- For post covid – analyze pollution factors and masks sold to hospitals and people for COVID prevention purposes. Also, consider the effect of disposable vs reusable masks.

Question 3 -

CAFTA (Certification in applied finance, treasury and analytics) is a product in India that now needs to be introduced in Europe. What parameters should be considered?

Suggested Solution -

- Existing education system (skilled-based or not), Languages spoken, Ease of doing business, Job scenario, Skills in demand, Government support, Faculty recruitment, Second wave of covid in Europe (prevailing at that time).
- Estimate the student/working professionals population and the ones who might want to take the course, take previous learnings from India regarding preferences of people who pursue this course and make use of it in Europe.

Question 4 -

When it comes to climate change, is GDP the right measure for growth according to you? What are the 4-5 factors you will consider in establishing a new measure?

Suggested Solution –

- Look at the existing capital in terms of natural resources such as forests, water bodies, mountains, etc.
- After establishing this, analyse and quantify the effects on each of these resources while reporting the profits and output levels.

Question 5 -

You are in the process of making a Vacation Island for your client, a resort company, which wants to brand it as an artist retreat island. You only have a 10 minute long video call with your client. What are the questions you want to ask them?

Suggested Solution –

- Start with basic questions like real estate operations and the customer demographics that they wish to target. You can then move onto understanding their regional location preferences.
- You may also be asked to develop some insights or give recommendations pertaining to the answers that you receive.
- You can talk about natural synergies that could develop there and how this will contribute to the branding of the vacation island.

Question 6 -

Come up with a mission statement for Spotify.

Suggested solution -

- Consider the stakeholders of the company - internal stakeholders include employees, and external stakeholders include consumers, investors and artists.
- Look at curating a survey to extract information on what they want from the company. For example -
 1. Employees - inclusivity in the workplace and ownership of work
 2. Consumers - diversity in music
 3. Shareholders - profitability
 4. Artists who collaborate - profit margins and reaching a good audience
- String all these points together in one sentence, which will give you the mission statement.

Question 7 -

The global supply of crude steel is going down. Your client is a Steel and Mining Company, assess how their business will be impacted because of this.

Suggested Solution -

- Begin by asking clarifying questions about the basic value chain of how crude steel and steel are formed, and inquire into the reasons behind the supply slump. Clarify what price repercussions this may have.
- Since this is a supply-side problem, the interviewee can take into consideration factors like availability of natural ores, topographical conditions, cost considerations, government permissions, environmental taxes and emissions, etc.
- Try and connect it to real-time news so that you can give better insights and generate logical inferences.

Question 8 -

The profits of a CBSE book retailer have declined. Figure out reasons for the same. Could you also suggest some ways to increase sales?

Suggested Solutions -

Reasons for decline in revenue -

- Divide the revenue into 2 streams - i) individual students and ii) tie-ups with schools, and evaluate each in detail.
- Other reasons could also include the circulation of older books (as CBSE books have not been updated for a really long time).

Suggestions to increase sales -

- Bringing their margins at par with competitors and leveraging their reputation/long-standing relationships with clients (schools) to win them back and maybe add new clients.
- They could also start a new vertical for the resale of old CBSE books.
- Finally, they could also introduce Study Guides, Notebooks, ICSE books, etc as part of their offerings.

Question 9 –

Your client is a new startup and they wish to enter the two-wheeler shared automobile industry. Estimate the market size.

Suggested Solution –

- Seek clarification on what exactly is meant by the two-wheeler shared automobile industry and in what terms the market size has to be calculated.
- For estimating the number of people interested in the service, consider the following factors: Urban/Rural > Monthly Income > Gender > Age > Distance.
- Also mention lack of their own vehicles, round trips and weather.

Tips

FOR THE CV

- A CV must have a strong first impression. Clearly highlight the impact you have made through your work. Brands do help, but impact supersedes everything.
- Know your CV inside-out.
- Showcase a good and consistent academic performance.

FOR THE PREPARATION

- Follow the rule of : 1 partner, 1 case, 1 day, 1 book at a time.
- Read all solutions of a particular type of case and then prepare an exhaustive framework for yourself by combining all of them together.
- Create your own framework for all the industries. Keep preliminaries/frameworks ready beforehand.
- If you spend an hour working on cases in a day, then you should spend at least 1.5-2 hours analysing them.
- Don't go around solving cases unnecessarily a day or two before the interview since it might leave you feeling stressed and anxious.
- Make notes during your preparation, to refer to at the end moment.
- For basic questions like "Why Consulting?", watch YouTube videos to get a basic understanding. Research about the company, and add personal stories while framing your answers.

Tips

FOR THE INTERVIEW

- Be confident, and have your points well sorted out in your head without overcomplicating the case.
- Do not waste too much time, always admit to your mistakes and move on. Keep your answers succinct. However, take your time to think before you answer!
- When stuck, ask the interviewer to help you cut down certain aspects of the case.
- Maintain a neat sheet for calculations. Use 2 different coloured pens to distinguish between calculations and important points to help you calculate accurately.
- Always ask for preliminaries such as the objective of the company, the time frame, the barriers to entry, the product, and the pricing, etc.
- Your success depends on how you work with the information at hand, and the way you break it down to solve the given problem statement, not so much on your prior knowledge.
- Refrain from explicitly mentioning which framework you are using in an interview.

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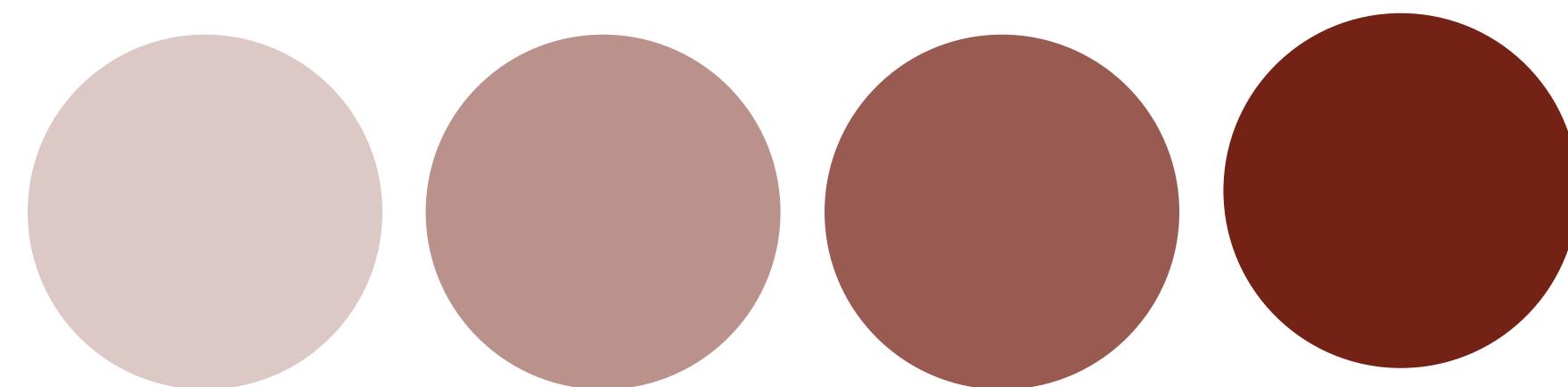
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ALL THE BEST



THANK YOU

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