RAMJAS
CONSULTING SOCIETY

UNDER THE AEGIS OF PLACEMENT COMMITTEE
RAMJAS COLLEGE, UNIVERSITY OF DELHI

CASE BOOK 2022-2023

1st Edition

DISCLAIMER

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LETTER FROM THE PRINCIPAL

In the past few years, Ramjas College has emerged as a progressive and equal opportunity institution as the vanguard of academic excellence, on one hand, and liberal democratic traditions on the other. At Ramjas, we believe in imparting holistic education with focus on academics and social needs that helps in making worthy citizens for the nation.

The leading philosophy at Ramjas is to nurture today's youth to face tomorrow's challenges with their innovation, creativity and leadership skills. Ramjas Marquee Society, Ramjas Consulting Society, has carried our mission forward which resulted in the publication of the first edition of Ramjas Consulting Society Casebook and Ramjas Consulting Society Guesstimate Book. Through these publications, the students have not only gained significant idea about the consulting field as a career but also sharpened their communication skills.

The members of Ramjas Consulting Society have shown great penchant for the creation of intellectual and eternal resources, which serves the purpose of designing future course of learning and teaching. This initiative will definitely prove to be an important medium for yielding exciting experience for teaching-learning and generating more vibrant, virtuous and inspiring environment.

With Best Wishes

Prof. Manoj Kumar Khanna
Principal
Ramjas College
University of Delhi

LETTER FROM THE CONVENERS

As a seasoned Associate professor of business , management and yoga :- philosophy and Practice , I am happy to introduce this consulting casebook by The Ramjas Consulting Society of our college under my supervision. The cases presented in this book provide students with a plethora of challenges and opportunities to enhance their problem-solving abilities, Questioning , critical thinking skills, and communication prowess. They span a range of industries and sectors, offering students a glimpse into different business environments and perspectives.

The Ramjas Consulting Society has demonstrated an exceptional ability to curate a selection of cases that are both pertinent and engaging. The book provides an excellent learning opportunity for students and equips them with the skills and knowledge needed to succeed as future consultants, business leaders, and professionals.

I commend The Ramjas Consulting Society for their tireless efforts in compiling this casebook and for their unwavering dedication to promoting excellence in consulting. I encourage all students to take advantage of this valuable resource and make the most of the opportunity to apply their academic knowledge in a practical setting, I wish them the very best in their future endeavors.

With Regards

Hon’ble Dr. Dhani Ram
Associate Professor
Convenor
The Ramjas Consulting Society
Ramjas College, University of Delhi

At Ramjas, we believe in holistic education that goes beyond achieving academic excellence, and vocational training. The entire team has put in monumental efforts to come up with the first-ever casebook of Ramjas College. It gives me immense pleasure and pride to see how students are putting in persevering efforts to make the most of their abilities.

A phenomenal job has been done in compiling such a wide-ranging book that covers various aspects of consulting and provides light on the complementary skills that will result in the overall growth of a student. This casebook will not only prepare the students for consulting specific interviews but will also broaden their logical horizons & help them understand how a problem should be tackled in this dynamic world.

I extend my best wishes to this promising team and hope they continue to bring glory and be a connected and proud alumnus of this prestigious institution.

With Regards

Ms. Nidhi Arora Dhingra
Associate Professor
Placement Committee Convenor
Ramjas College, University of Delhi

FOREWORD

Almost every step in the selection process of consulting jobs aims to gauge the interviewee's analytical and problem-solving ability and what better way is there to do that than cases, guesstimates, and mind-boggling brain teasers? We as a group of consulting enthusiasts soon realized this and felt the need to contribute to the wide array of consulting prep material available on the internet. After almost an year of ideation and 1000+ consulting hours, we are extremely proud to launch the **first-ever edition** of the **“Ramjas Consulting Society Casebook”** prepared in the session 2022-23.

From the very start, we wanted to create an all-inclusive reference book for anyone starting or already invested in their preparation for a job as a management consultant, and thus, we started noting down everything we felt is required for the same. What followed was a series of renditions and changes to the first index that was planned, leading to the final draft which now includes multiple frameworks, nuanced preparation guides, Important business models and Excel formulas followed by **30 comprehensive solved cases that we have built from scratch**.

RCS has always done things with a twist, which is why we have also incorporated **financials** or **intuitive guesstimates** into almost all of our more difficult cases. Every case and framework included is extremely detailed and even a brief study of the same aided by the glossary should be enough to give the reader a rough idea of what to expect in such interviews and how to approach them.

Please keep in mind that the solutions and the transcripts in this book **do not indicate a “correct” solution** but are merely our team’s take on the respective case prompts and our understanding on an appropriate approach to the same. Our team has put in tremendous efforts and countless sleepless nights in the creation of this book and we believe it will prove to be a one-stop solution for anyone who is looking for consulting preparation material, irrespective of how far they have come in their journey of the same

Core Team
(2022-23)

RAMJAS CONSULTING SOCIETY

ACKNOWLEDGEMENT

We'd like to express our heartfelt gratitude to our Honorable Principal Prof. Manoj Kumar Khanna and Vice Principal Dr. Hament Kumar Rajor for providing us with an opportunity to build and release this casebook. We are also thankful to the faculty advisors of Ramjas Consulting Society Ms. Nidhi Arora Dhingra and Dr. Dhani Ram Ambedkar, for being constant pillars of support through our many endeavors.

We would like to thank our mentors ___ for sharing their interview insights and experiences that have enabled us to put together a comprehensive preparation resource for consulting enthusiasts.

We are also grateful to various go-to resources such as several B-School casebooks that served as inspirations to undertake this initiative and helped us understand this field better and grasp certain essential case-solving skills. Lastly, we would like to thank all members of the Ramjas Consulting Society whose immeasurable contributions have helped the first edition of the RCS casebook come to life.

We have tried our level best to ensure that the book is free of errors and conceptual ambiguities. However, if there are any mistakes, please do reach out to us at ramjasconsultingsociety@gmail.com and let us know. We'd love to hear your feedback and review of the casebook and how we can make it more user friendly for the next edition.

Batch of 2023

Akshit Agrawal
Anushree Sharma
Jigisha Khurana
Nakshatra Verma
Shobhit Sood
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Batch of 2024

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Udit Goyal
Vanshika Gourisaria
Vedansh Agrawal
Vidhi Jain
Vrinda Chadha
Yamini Sah

FOREWORD FROM THE R&A TEAM

Akshit Agrawal, President

This journey of discussing on whether or not releasing a casebook is feasible to actually finishing the final draft has been surreal. With so much going on in this tenure, this milestone of the first ever edition of the RCS Casebook seemed impossible but it truly feels amazing to see this book finally come to life.

I can very proudly and confidently state today, that the only reason that we were able to pull this off is the sheer dedication that this team has shown over the past 6 months.

I look forward to many more amazing editions to this casebook!

Anushree Sharma, Director

From reading casebooks to actually making one from scratch, the ride has been exhilarating and has taught me numerous things.

The vision we initially had was able to come to existence only due to the consistent hard work of the entire team.

There were days where everyone had so much on their plates and the completion of the casebook felt like a far-fetched dream.

However now, I’m very pleased to present our first edition of casebook and feel honored to have been able to work with this bunch of amazing people.

The book may not be perfect, but we’ve all tried to make it as error free and user friendly as possible. So I do hope that it’s able to make the impact that we’ve envisioned.

Dev Raj Garg, Associate

This casebook is the epitome of uniqueness, and its uniqueness is attributable to a multiplicity of factors. To begin with, all the cases have been made from scratch, stemming from the collective thinking and experiences of the RCS team.

Secondly, all the cases are nuanced and promote practical thinking.

Lastly, this casebook like every great thing, took time to build. I couldn't have devoted a better part of my college life than having endless intellectual discussions with the ablest peers and executing the 1st Edition of Ramjas Consulting Society's Casebook.

All the very best for your interview!

Vedansh Agrawal, Associate

Making something different than a traditional casebook was always the plan & I am ecstatic to say that after a long devotion, we are here with this quintessence. Consistent brainstorming & determination has helped us tick all the boxes, be it comprehensive customized solutions, out-of-the-box takes, or unconventional problems.

The exponential learning curve and intellect that the whole team has gained in the process of interacting with fellow cognitive minds is unparalleled & the best experience one could have in their student life.

I hope this Casebook makes you better prepared for the enthralling corporate world & acts as a catalyst in your success. Best of luck to all the readers!

ABOUT RCS

The Ramjas Consulting Society was started in 2019 with the aim to inculcate a consulting-oriented environment within the college and with the vision of transforming and bringing forth a consulting-driven student-led organization of members with indomitable spirits and ignited minds.

Ramjas Consulting Society (RCS) is a student-run organization committed to providing high-quality consulting services to corporate enterprises. RCS has been a pioneer in creating industry-ready strategy and financial advisory professionals from the college level. We have successfully concluded 6 live projects with 4 projects ongoing in the domains of business transformation, market entry, and start-up funding analysis.

We have had a remarkable year in terms of achievements despite the shift from a COVID-struck environment to offline operations. The members have won 50+ national podium finishes and secured 70+ finalist finishes across various finance, business strategy case, and analytics competitions conducted by institutions like IIM Ranchi, IIM Kashipur, FMS, SRCC, Hindu, Shaheed Sukhdev College of Business Studies, and many more.

We try to maintain a strong presence on social media platforms and aim to provide insightful content in the form of various classified series based on different domains of consulting and finance. To know more, please check out the following handles:

RAMJAS CONSULTING SOCIETY

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HOW TO USE THIS BOOK

HOW TO USE THIS BOOK

This casebook was created with the vision that a case should contain **3 important aspects** that are tested in a consulting interview: **framework, guesstimate & financials**. The book comprises of 30 cases with **13 comprehensive cases** that include the above 3 aspects and **17 shorter cases**. The cases cover different domains namely: **profitability, go-to-market, growth, pricing, private equity, mergers and acquisitions & unconventional cases**. While the longer cases might not resemble the ones asked in actual interviews, the aim is to familiarize the user with all three aspects as any one or two can be tested in an interview setting.

The 3 parts of the case were created in a way so that they can be **independently solved**. The transcript of a mock interview is like any other case that you solve which tests your basic ability of **problem solving**. For the financials, we have tried to incorporate problems that involve **basic concepts** to help understand terms that are commonly used in this field. The guesstimates included are made in excel and thus an interviewee is not expected to attain that level of numerical accuracy, however, what is tested in interviews is the **structure more than the numbers**.

A basic structure is provided in the transcript that can be referred to while solving the same, depending on the **time limit**, the interviewee can delve into the **level of detailing**. The financials and guesstimates can be solved **without the help** of a case partner, however, the **basic case structure** would require you to solve the case **with someone** so as to gain feedback on your structuring and problem-solving skills.

Before diving into any case, it's necessary to understand its **classification**. For this, we've made a list of basic frameworks that can be used while solving a case of that particular domain. These frameworks will help you make **mental notes** of the aspects that you have to cover while solving a case. We have tried our level best to make them **exhaustive**, however, it should be kept in mind that **every case is unique** and these frameworks can only be applied to a certain extent and used as a **quick trick** in case of a **mental block or time crunch**. It's crucial that one starts developing their **own frameworks with time and practice**.

We've also included a **glossary** at the end of the casebook to cover some of the **difficult terms** that might confuse a reader. Please refer to it in case of queries, however, if you feel that there are any more unclear phrases, please do let us know so we keep that in mind for the next time. Apart from this the casebook also includes multiple other aspects which are explained better in the upcoming pages that will help you prepare for a role in this field.

HOW TO USE THIS BOOK

Guides: Case Interviews & Case Competitions

The case interview guide will help you understand how to approach a case along with tips related to common mistakes made. Since case interviews have a certain format that needs to be followed, it's essential that one learns and gets accustomed to the basic flow before sitting in an actual one. The guide also consists of interview processes of top consulting firms so that you are familiar with all the aspects that you need to practice other than case solving.

Case Competitions are an important factor that helps you understand an industry better and hone your research skills. However, there is a certain methodology that you need to follow so that your solution does not lack in any area. We have tried to add aspects that many students don't pay proper attention to that usually affect their chances to perform well.

Business Analysis Models

There are certain frameworks that are commonly used and applied to the majority of the cases. Even though they seem easy to understand, their practical application can be quite tricky at times. We have included **8 basic models** along with a real-life example to explain them better. It's necessary that you know these frameworks before sitting in an interview as even though you **shouldn't directly apply them** while solving a case, you should mentally take note that you've covered all aspects.

Brain Teasers

Since consultants are expected to give solutions that are **out-of-the-box**, interviewers usually grill you by giving you tricky brain teasers. The questions may seem intimidating initially, however, you later realize that they are quite simple and just require a different approach. This is why we have tried to include a variety of brain teasers to help you experience a distinct set of questions to help you get familiar with the same.

Excel

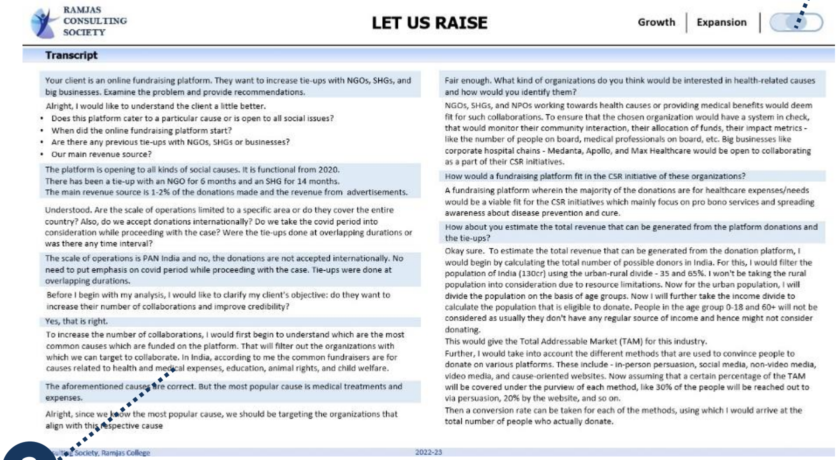
Excel constitutes a very important aspect of consulting, it's necessary that you sharpen your skills to make sure that you can navigate through a **large set of data** quickly. Presentation of data is an important aspect so it's crucial that you can filter out the important data by using **basic yet important functions**.

Guesstimate Cheat Sheet

Most consulting interviews involve solving guesstimates, for this, we've created a cheat sheet that has basic data for the majority of the guesstimates. It's necessary to know basic information eg: The **population of India**, the **rural-urban divide**, etc., before sitting in an interview.

HOW TO USE THIS BOOK

1



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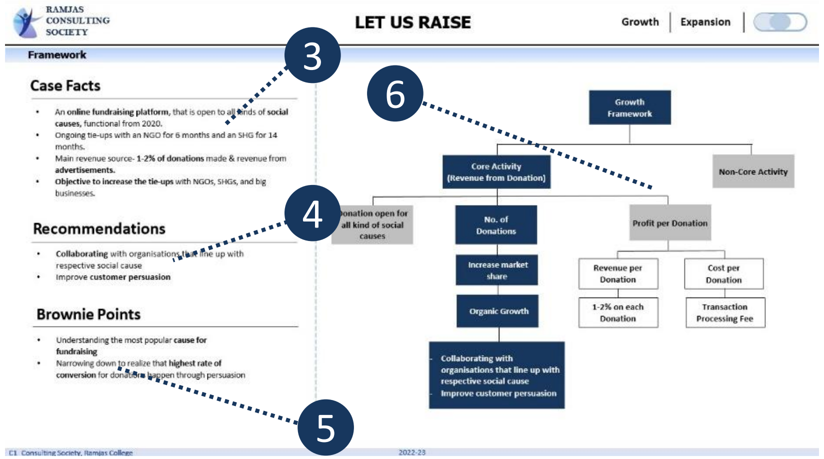

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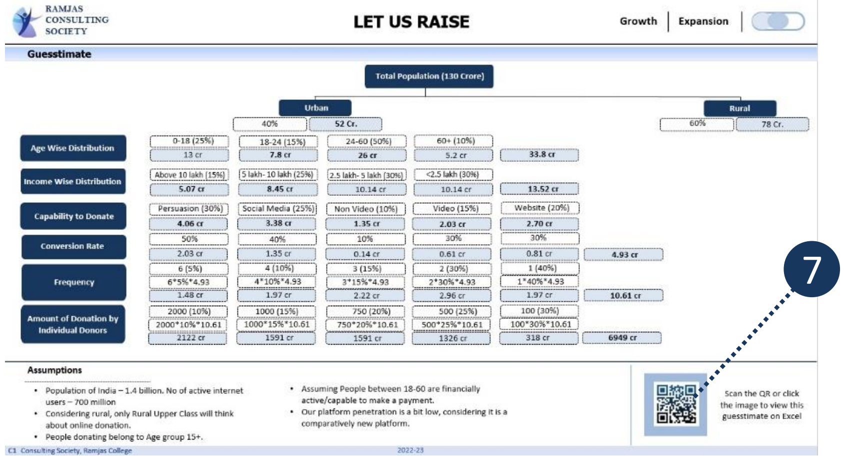


7

1 Difficulty Level

Every case has been denoted it's level of difficulty so as to ensure that you pick a case according to your level of practice

2 Transcript

It shows a mock conversation between the interviewer and interviewee and covers a basic flow of events of how the interview would unfold in a professional setting

3 Case Facts

To help simplify and break down the case, this section seeks to provide you with the key points that you need to keep in mind while solving the case

4 Recommendations

This comprises a very crucial component of case solving, it indicates how well you've understood the problem and how efficiently you help counter that problem

5 Brownie Points

There are always certain questions/ pointers that may or may not affect your case, but they definitely show your knowledge and out-of-the-box thinking skills

6 Framework

Since structuring thoughts is an essential component of consulting every case has a flowchart to summarize it for easy understanding

7 QR Code

Every long case has QR code linked in the guesstimate slide which will direct you to the detailed version of the solution

Note: The transcript, brownie points, framework & recommendations provided in the casebook are not rigid, although the problem won't differ, there may be multiple solutions for a case.

CASE INTERVIEW GUIDE

CASE INTERVIEW GUIDE

Structure

It's important to note that the structure of case interviews can vary depending on the company, interviewer, and type of case, but the basic phases remain similar.

BASE
Introduction + Questioning (Fit Interview)

Prompt Introduction
The interviewer presents a business problem along with some background on the client. You must look to define the problem and its scope.

Data Gathering
Try to gather information and data related to the problem, either by asking clarifying questions or by using hypothetical information provided by the interviewer.

ANALYSE
Case Interview

Analysis
Analyze the data and draw out a "roadmap" breaking down the statement into its components. You can use frameworks as a guide to your approach.

Synthesis & Elucidating
Provide the interviewer with insights gained from identifying patterns in data. Always walk the interviewer through you approach to ensure that everyone's on the same page. At this stage, the former might want you to focus on specific details enabling you to further build the case.

Conclusion
Give a brief run-through of the initial problem, present the logical conclusions and solutions that arose from your analysis and brainstorming backed by resonable data.

RECOMMEND
Question & Answer

Implementation and Follow-Up
Lastly, discuss potential implementation issues and any follow-up actions that should be taken. Also point out any potential risks involved.

CASE INTERVIEW GUIDE

Tips for cracking a consulting interview

- Keep in mind that the case interview is also an interview of interpersonal skills. The interviewer will be looking at your poise, confidence, communication skills, enthusiasm, energy, persuasiveness, listening ability, etc.

- When the case is presented, make sure you fully understand the problem statement and write it down, capturing all of the relevant details. Before you start the analysis, ask questions to clear up any ambiguity and restate the scenario to the interviewer.

- Take a minute to capture and structure your thoughts on paper. As much as you might have the urge to, do not start talking about the analysis right away. Politely ask if you can take a few moments to think. (Remember, do not try to force the case into a specific framework or use a framework verbatim like the 4Cs or Porter's Five Forces. Incorporate your own various concepts as necessary)

- Briefly walk your interviewer through your framework and approach. Explain the path you have taken, outlining your rationale for choosing it.

- Ask relevant questions to gain further insight. Remember, asking the right questions is key. You are only given information to the questions that you ask, and if you make assumptions, state them clearly.

- Do not rush to get to "a solution." You are being evaluated, most importantly, on your logic and the process of your analysis. You are being judged at every step so it is preferred to break down the process into smaller steps. The recommendation you give at the end is only as sound as the thought process you used. So think out loud!

- Even though there might not be "a right answer," there certainly are better approaches than others. Stay focused on the problem at hand. Refrain from digging into detail that may not shed light on the issue just to sound impressive.

- Use nice and easy numbers whenever you are estimating market size, price, costs, etc. to avoid factoring decimals.

- Develop clear and decisive recommendations. Provide options and a recommendation based on your analysis as to which solution is most suitable to achieve the objective at hand.

- Practice. Practice. Practice. Cracking the Case is mostly a developed skill. Understand the reasoning behind each case. The more cases you practice, the more you will be exposed to the different problems and the more you will be prepared. Leave nothing to chance. Good Luck!!!

Tips for Brainstorming Ideas

The key to brainstorming is structure. The candidate should first devise two or more "buckets" or categories to organize his/her thoughts. These constraints make it easier to be creative and provide a more vivid mental model to pull from.

Example for Brainstorming Frameworks:

1. Internal vs External

The internal bucket represents any aspect internal to the client, (e.g. products, brand, financials, leadership, etc.)
The external bucket represents factors external to the client, (e.g. market trends, geopolitical dynamics, competition, etc.)

2. Financial vs Non Financial

The financial bucket includes costs, hurdle rates, cash flow, etc.
The Non-financial bucket would include all the other factors.

3. Long-term vs. Short-term

Useful for devising strategies and making decisions.
Examining potential consequences of a decision.

4. The Supply Chain

Each step in the supply chain is a category: raw materials, manufacturing, warehouse, transport, retail, customer, etc.
Useful for exploring causes or solutions to cost problems.

5. Stakeholders

It includes clients, employees, investors, suppliers, regulators, etc.
You should deliberate upon how are they affected, or what are they looking for.

6. Customer Journey

Breaking down the journey into 4 steps- AIDA- Attention, Interest, Desire and Action.

WHAT IS CONSULTING?

WHAT IS CONSULTING?

Meaning

- The practice of helping firms improve their performance by analyzing their current business operations and identifying existing problems for the development of future courses of action.
- Involves a variety of processes, such as conducting research, interviewing people within the organization, collecting data from clients or third-party market research reports, and more.
- Aims to improve performance by correcting organizational structures, strategies, marketing, and other aspects.
- Involves solving complex business problems such as increasing revenues, cutting costs, entering a new market, mergers, acquisitions, etc.

History

- 19th century: World's first modern consulting firms were founded.
- 1930s: Consulting firms started to grow their size beyond a few founding partners and small teams.
- In the next decades, rapid expansion with today's well-known US firms such as Arthur D. Little, A.T. Kearney, Booz Allen Hamilton, and McKinsey & Company playing frontrunner roles.
- In the next thirty years, a phase of unprecedented growth across western markets, far outpacing the growth of the world economy during the same period.
- At present, one of the most mature sectors in the professional services industry, generating between $100 billion to $300 billion in revenues.

Roles & Processes

- Acquiring accurate and up-to-date information by conducting market surveys, cost studies, financial studies and gathering primary data.
- Defining the real issue for better understanding of the problem and responding to the client's implicit needs.
- Providing an effective diagnosis to the issue through examination of the external environment, technology and economics of the business, behavior of members of the organization and more.
- Recommending actions and designing reports so that the information and analysis are clearly and convincingly presented.
- Ensuring implementation of necessary actions.

Global Trends

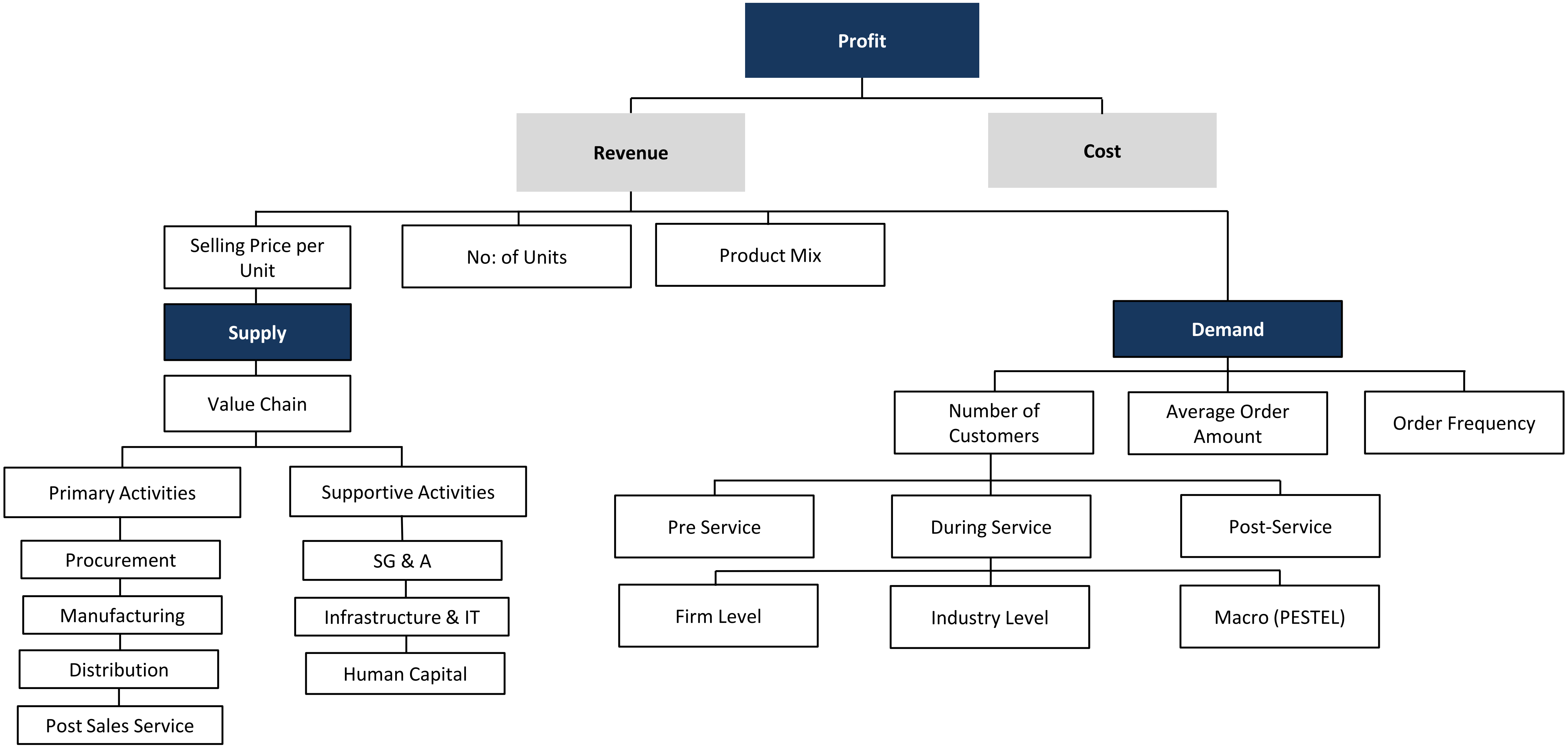
Quick Wins and Long Term Results:
- Clients are now looking at consulting firms to work parallelly with, that can help them create an impact on the bottom line.
- Shift to a shorter selection lead time for new consulting companies along with a stronger focus on selecting visible experts with a well established image in the industry.
- Expectation of permanent, or at least long-term improvement to clients' status quo.

Use of AI & Digitization:
- -To improve overall functioning along with supply chain management and data processing.
- -Leads to improved decision making and more efficient data analysis processes as compared to the traditional methods.

FRAMEWORKS

PROFITABILITY

Framework



PROFITABILITY

Framework

Cost

Primary Activities

Procuring Raw Materials	Manufacturing	Distribution & Storage	Post Sales Service
- Cost of Raw Materials - Transportation & Packaging Costs - # Suppliers c Contract Amt; Duration	- Plant maintenance - Idle Capacity opportunity costs - Wastage, wear and tear - Set up time and cost	- # of customers x avg. order amount x frequency of service x cost incurred - Spare parts, returns, replacement, waste	- Number of customers x frequency of service x cost incurred - Spare parts, returns, replacement, waste

Supporting Activities

Research & Development	Financing Costs	Branding & Advertising	Human Capital (Capacity x Efficiency x Utilization)	Selling, General & Administrative
- Equipment/ Tech - Human Capital - Financing - Patents	- Raising debt - Raising money through Equity	- Channels - Spend on each channel (physical/digital) - Conversion rates/ channel		

MARKET ENTRY

Framework

<u>Preliminary Questions:</u>

<u>Ques. 1:</u> Always ask about the company's objective (also growth quantum and targeted timeline).

<u>Ques. 2:</u> Get primitive understanding of company: what it does? What product to launch?

<u>Ques. 3:</u> Previous history with launches, it's experience & why this particular geography/product launch?

<u>Ques. 4:</u> Who are the customers? Market size and price sensitivity

<u>Ques. 5:</u> What part of value chain does it want to set-up?

<u>Ques. 6:</u> What are the Risks & Market Barriers and if any Competition exists.

<u>NOTE:</u> Ask what is the source of data accuracy. Please mention if there is any margin of error.

Market Entry

- **Market Attractiveness**
  - Addressable market
  - Growth rate
  - Profit Margin
- **Customers**
  - Market structure
  - Reaction to entry
  - Segments
- **Competition**
  - Product, Price, Place, Promotion
  - No. of competitors & market share
  - SWOT Analysis
- **Barriers to Entry**
  - Financial constraints Capabilities/Resources
  - Suppliers
  - Govt. Regulations
  - Patents, IP

3CP Approach

- **Customers**
  - Segments
  - Needs
  - Size & growth
  - Target Group
  - Market Share
- **Company**
  - Product Mix
  - Resources
  - Key Assets
  - Value Chain Analysis
  - Financial Analysis (break-even point)
- **Competition**
  - No. of competitors & market share
  - SWOT Analysis
  - Barriers to entry/exit - regulations
- **Product**
  - Gap between customer expectations and available products

How To Enter?

- **Organic**
  - Greenfield
- **Inorganic**
  - Joint Venture
  - Acquisition

GROWTH

Framework

Preliminary Questions:

Ques. 1: Clarify objective and quantum of growth, timeline

Ques. 2: Business Model – Where does the firm lie in the value chain? What are its revenue streams and distribution channels?

Ques. 3: Understand customer segments

Ques. 4: What is the product mix? Any differentiating/ new features in products?

Ques. 5: What is the competitive landscape?

Growth

- **Core Activities (Profit Metric)**
  - Product Mix
  - Units Sold
    - Market Size
      - Inorganic
        - M&A
      - Organic
    - Market Share
      - Organic
        - Improvise Customer journey
        - Increased branding
        - Omnichannel, O2O
        - Improve Customer Retention
      - Inorganic
        - Acquire emerging competitor, substitutes
        - Develop E2E skills
  - Profit per Unit
    - Revenue per Unit
      - Can price be increased? Inelastic demand, monopoly
      - Bundling
      - Price Discrimination
      - Cross Selling Upselling
    - Cost per Unit
      - Value Chain Analysis, Process Innovation
      - Strategic vertical integration
- **Non-Core Activities**
  - Lease Space, capacity for advertising, rentals
  - Value Added Services

Growth Strategies

- **Existing Market**
- **Geographical Expansion**
- **Portfolio Expansion**
- **Inorganic Growth**
- **Business Integration**

Ansoff Matrix

Products: Existing | New

Markets: New | Existing

Growth Strategies

1. Market Development Strategy

- Market growth rate lower than management's growth expectations.
- High market share w.r.t. closest competitor.
- Concentrated in a small market.
- Demand in other markets.
- Typical Market Entry Case.

4. Diversification Strategy

- Product - Market growth rate lower than management's growth expectations.
- Management's objective.
- High concentration in a single product/ category.
- Diversification strategy case.

2. Market Penetration Strategy

- Market growth rate in line with management's growth expectations
- Low market share w.r.t. market leader
- Growth rate w.r.t competitor
- A derived profitability case.

3. Product Development Strategy

- Market growth rate lower than management's growth expectations.
- Product in maturation or decline phase.
- Product Launch Case.

PRICING

Framework

Step 1: Understand the requirements of the client (for example: whether it is a mass market firm or catering only to upper class, etc.)

Step 2: Apply the framework for deciding which type of pricing to go with, Cost Based, Competition Benchmarking or Value Based.

Step 3: Determine an optimal price and recommend a price range.

- **Pricing**
  - **Inward Looking**
    - Cost Based
      - Costs
        - R&D one time costs
        - Production costs- Fixed & Variable
        - Other Specific Costs
      - Returns
        - Markup
        - Margins
        - Breakeven Period
        - Payback Period
  - **External Looking**
    - Benchmarking
      - Value Based
        - Structure
        - Feature of other substitutes, compliments or other proxies.
      - Features
        - Additional features
        - Differentiating benefits
        - Others' price range
    - Value Based
      - Willingness to pay
      - Opportunity Costs
      - Extrapolate Benefits

Types of Pricing

Cost Based Pricing	Competitive Pricing	Value Based Pricing
• Cost of Goods Sold (COGS)- Fixed Costs and Variable Costs • Expected break-even point • Profit Margin over Break-even • R&D Expense- Does the company plan to recover it or is it a sunk cost? • **Price = COGS+ Profit Margin**	• Availability of substitutes • Competitor's price points • Company's positioning – Premium or Economy • Company's vision- profit margins vs. Market Share • **Price = Competitor's Price** (in line with organization goals)	• Value proposition of the Product • How much does the customer spend on a similar utility? Supply and Demand • How much is the customer willing to pay for such a product? Can a higher value be appropriated through product and marketing investments? • **Price = Value Appropriate to the product**

Framework

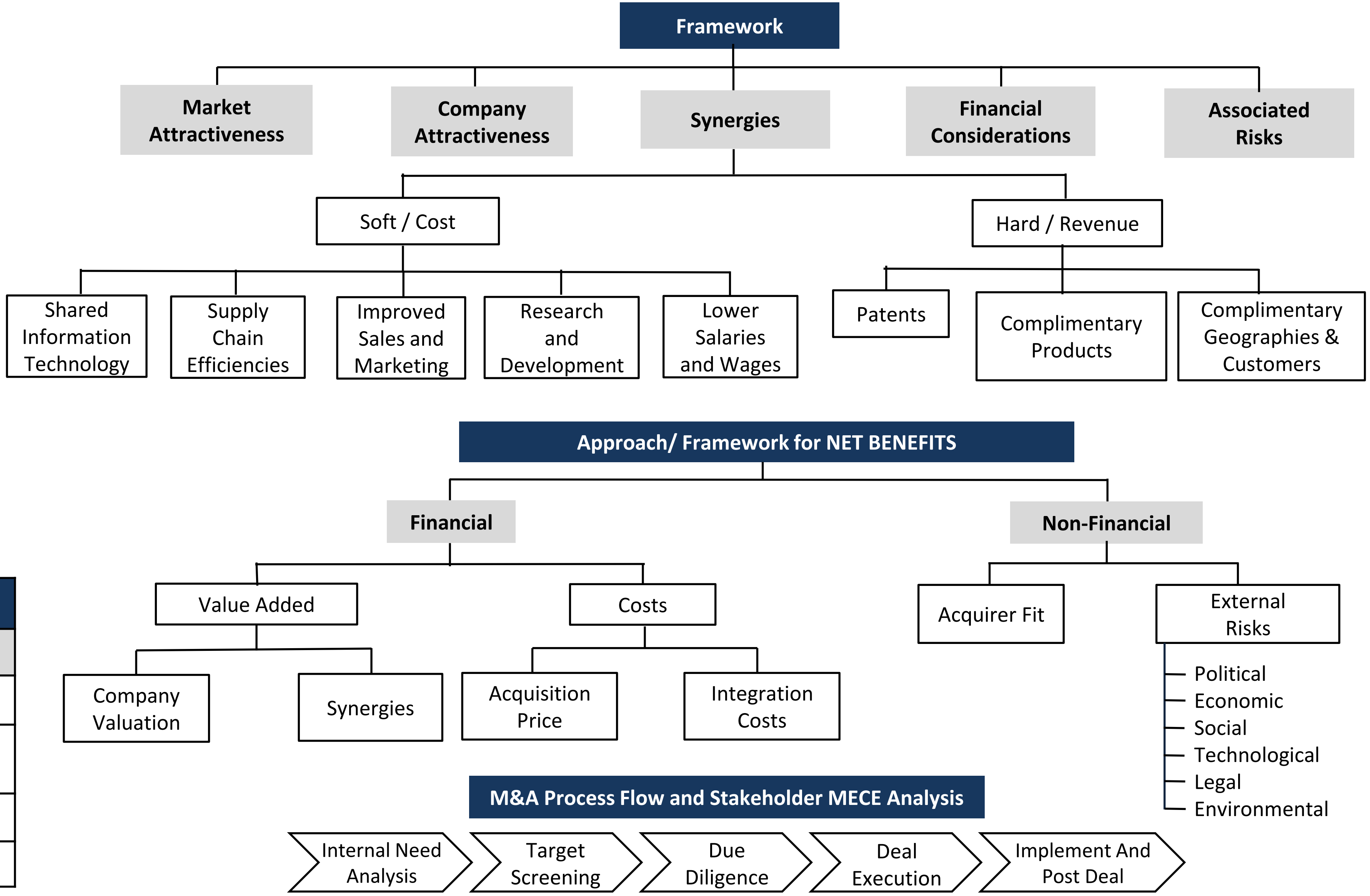
Questions to be asked:

1. Understand client's company
Questions can be asked to learn about client's company, its current state, value chain, revenue streams, industry in which it operates, growth strategy and aspirations.

2. Understand target company
Questions can be asked to understand the target's market, market share, operating geography, revenue streams, profitability, and its competitors.

3. Client Objective
Any particular reason to choose that particular company over other players, when is the client planning to enter into the transaction, budgetary constraints, expectation from acquisition.

Clarifying the objective of the Deal	
Deal Rationale	**Business Objective**
1. Budget constraint	1. Business Synergies
2. Cost Reductions	2. Competition Elimination
3. New Market/Product	3. Portfolio Expansion
4. Investment	



Framework

It is essential to understand the objective behind the investment, for which the following questions shall be asked:-

Why?
Objective behind the investment

When?
The timeline of investment

What?
What is the target rate of return from investment

Financial
Is the PE backing the firm financially? Will this financial support help the company in unleashing its value?

Synergies
Is the Investment leading to creation of synergies?

Growth
What are the incentives in the business, does the company belong to an emerging sec

Management
Is the PE looking forward to takeover the management of the business which was deemed to be one of the main issues with the company?

Once the investment expectations are set, evaluation can be done on the following metrics and basis:-

T I P S

Matrix →

Target Specifics	Industry Attractiveness	PE Firm Characteristics	Sources of Returns
Business Model	Market Size/Growth	Fund Size	Operational Efficiency
Valuation	Profitability	Fund Style	Unlock Potential
Management Capability	Barriers to Entry	Portfolio	Use Leverage
Product Services	Competition	IRR	
Willingness to sell	Customers	Exit Period	
Market Share & Growth	Costs & Risks		
Suppliers	Suppliers		

CASE INTERVIEWS

PROFITABILITY CASES

BLING IN THE GAME (1/2)

Transcript

Your client is the owner of Diamond Casino, based out of Las Vegas. Even after housing the most premium services and marketing extensively, the client is not able to gain traction. Help them with identifying the problems and provide solutions.

I would like to ask a few clarifying questions to have a better understanding of the client's business. Do we own a chain of casinos in Vegas or is it just one big casino? Also, do we have any differentiator in comparison to other competitors?

The owner has a single casino in Las Vegas. Being one of the largest casinos in Vegas, we offer a multitude of game variations under one roof.

For how long have we been facing these problems? Or are these problems a recent phenomenon?

We have been facing these problems since the inception of our business. I think that will be it for the preliminary questions. You can start with your approach now.

So to analyze the problem, I'll use a four-pronged approach using these bases:
1) Marketing strategy
2) Location of casinos
3) Offerings and their pricing
4) Other experience services

Okay, go ahead with your approach.

Since we are spending heavily on marketing and are still not able to drive customers, the reason for this might be the ineffectiveness of our marketing campaign. To measure this, we can focus upon matrices such as Cost per Lead (CPL) or conversion rate.

Our marketing campaign is as effective as it could be. We are targeting the right sets of customers. Everything is in place on that front.

Okay. For casinos, location is also one of the driving factors, as a lot of people from outside Vegas will be coming here without any prior information. Is our casino located far from the prime location or surrounded by too much competition? Also, for people visiting clubs and casinos, word of mouth and referral plays a vital role, so any particular reason there due to which less people visit ?

No, that's not a problem. Our casino is located in the heart of Las Vegas and our casino's visibility is not an issue. No, nothing of that sort.

As is mentioned, we provide the most premium services. So is it because of the fact that affordability of games has become an issue for some sets of customers, that they do not indulge in gambling?

Due to regulatory norms , you'll see that the basic pricing of these games is more or less the same in Las Vegas. So that's not an issue.

Since out of the people who visit casinos, most visit largely for enjoyment rather than just trying to earn money. So the problem here might be that we are not able to provide a very good complete experience to our customers.

Okay good. Go ahead and explore this point further.

I have divided customer experience into three parts. First is when they enter the casino, second is while they are playing and third, while they are leaving the casino. Do you want me to focus more upon any of these parts?

Focus upon the second one and go ahead with that.

So, while playing in the casino, these things can be the major drivers of the customers' experiences:
- variety and accessibility of games
- availability of intoxicants and food
- ambience of the casino
- behavior of the staff

Okay. So you have arrived at the right reason. Currently, we are charging comparatively higher for the alcohol that is being served in the casino. Due to this reason, a lot of people do not indulge in drinking and tend to play fewer hands in the casino. What could be the possible solution for this and to increase our customer retention?

The casino should launch a new offer in which the initial 2 drinks will be complimentary and after that, the customers can purchase alcohol according to the regular prices. The Casino could also serve its customers with a free drink during happy hours so that they spend more time on their games. It can also incorporate free accommodation and spa services for people who have played in the casino beyond a certain amount. As the people who have won would try to win more and the losers would attempt to recover their money, leaving a scope for the house to make more money.

Okay the solutions sounds great. You may close the case now.

BLING IN THE GAME (2/2)

Framework

Case Facts

- **Overview –** A newly opened casino in Las Vegas is unable to gain traction.
- **Positioning –** One of the largest casinos in Vegas, providing most premium services, marketed extensively.
- **Offerings –** Multitude of game variations.
- Duration of problems – Since Inception.

Recommendations

- Launch of a new offer wherein the **initial 2 drinks** will be complimentary.
- Serving its customers with a **free drink during happy hours** so that they spend more time on their games.
- Incorporating **free accommodation** and spa services for people who play beyond a certain amount.

Brownie Points

- Identification of **majority's motive** for going to casinos.
- **Division of user experience into smaller buckets.**

Product Analysis	Pricing Strategy	Competitor Analysis	External Market
Product Relevance and availability	Affordability of services and pricing strategy	Location of the casino	Analysis of current marketing strategy
Internal environmental factors	Discounts offered	Competitors in close proximity	Brand image and public relations

HIGH PRESSURE (1/5)

Transcript

Your client is an online medicine delivery company, that delivers all kinds of Allopathic medicines on a written prescription within 2 hours. It is undergoing -ve growth in India. You have to examine the problem and plan on how to increase the growth. But before beginning, I want you to estimate the market size of Online Medicine Delivery Applications in India.

I would like to ask a few clarifying questions before estimating the market size. Can I go ahead with taking only Urban areas into account, considering people in rural areas are currently not open to ordering medicines online?

Yes, you may go ahead with Urban areas for this estimation right now

Alright, so considering that people having an income above 2.5 lakhs will be able to afford and order medicines online. Of these people, any one family member would be placing the order, so avg. Indian family size can be taken as 4 which gives us a number of 9 crores.

Based on assumptions taken, as to what kind of medicines Urban population prefers between Allopathy, Homeopathy, and Ayurveda. Taking into account that our client delivers only allopathy which can further be divided into serviceable and unserviceable, finally reducing the number to 6 crores orders.

The orders can further be divided into two divisions- subscription-based orders and non-subscription. Considering the average amount and frequency of these two divisions, we can come up with the market size, which is approximately Rs. 25,000 crores.

Great, now you may go ahead with the case-solving aspect of the problem statement.

I would like to ask a few clarification questions before I analyze the problem. Since how long has the client been operating in India and in which cities?

The client has been operating since 2015 in India and they are operating in 5 Top tier 1 cities.

Is the Company facing the problem in all the operational cities and what is the growth rate in the last 5 years?

Yes, the company is facing problems in all the cities and the average growth rate for the last 5 years is -2% and has reached 8% from a previous growth rate of 18-20%.

Alright, As the problem statement states that there has been negative growth i.e. profits had declined. It could be due to an increase in costs or decrease in revenue or a combination of the two. Do we have an idea on which side the problem lies?

The revenue has declined

Okay, I would like to further segment revenue into - Number of customers x Average Order. Do we know which one has seen a decline?

No. of customers has declined in the past few years.

The decline in the number of customers can be due to external and internal factors. Which one do you want me to focus on?

Let's go ahead with the external factors first.

Okay, Considering the external factors through the 3CP framework there could be a change in government policies or consumer preference which could be due to licensing of a medicinal firm. There could be negative publicity for the company due to any rumors in the market. Apart from this, there could be a new competitor in the market or a new product launched in the market due to which our customers have shifted to their brand.

Yes, there has been a new competitor in the market last year but there has been no change in the government policies nor any negative publicity.

Alright, I would like to know more about the competitor. What are the product offerings by the competitor and are they offering any features other than ours?

The competitors offer online Medical Consultation which has proved to be efficient in them garnering a larger amount of subscriptions and customers. You can now move to the internal factors.

Alright, Since we are not a manufacturing firm. It could be due to any problem in the distribution channel or a change in consumer behavior. Do we know which one has changed?

The distribution channel has been through a single warehouse in each city we operate but we are not able to deliver the orders within 2 hrs. Rest all factors remains constant.

Is the company using any marketing techniques to acquire customers?

No, not since the last 2 years. I think you now have enough information and can now start with the recommendations.

Alright, I would divide my recommendations into three parts. One would be a change in the distribution channel by opening dark stores to reduce the delivery time and setting up a Medical Consultation service on our website with features like instant appointments, to further gain traction on the website and retain the customers and lastly to use marketing techniques for attracting new customers and retain previous ones.

HIGH PRESSURE (2/5)

Transcript

Great, I would like you to now calculate the cost of doing the same and the expected growth rate after the execution.

Yes sure, so let us first look at the average cost of setting up 1 dark store, we will incur expenditure on some fixed assets such as furniture (Racks, fridges, tables, packing equipment, etc.), and we can roughly take these costs to be 30 Lakhs.

We will also need to set up a robust computer system so that there are no delays in receiving the orders or tracking the delivery executive, for which we can incur 2.5 Lakhs of expenditure. We can consider 2.5 Lac of expenditure for miscellaneous expenses.

The Expenditure on recurring expenses would include the rent of the store, salaries of employees, utility bills, Insurance premiums, and other Misc. expenses. I have assumed that for a 2,000sq ft store, the annual rent will be around 18 lakhs, the salaries will amount to rupees 24 lakhs considering the average monthly salary for an employee to be 20k, the average consumption of utility services will incur an expense of 10 lakhs per annum along with an Insurance premium of 1 lakh and Misc. expenses of around a lakh, reaching out to 58 lakhs per annum.

Our total cost of setting up one dark store would be 93 lakhs.

Ok, and how many dark stores would you recommend, and on what basis?

Sir I would recommend doing an analysis of the 5 cities and identifying densely populated areas (for the complete capacity utilization & maximum revenue from dark stores). We should place at least 4 dark stores per city, so a total of 20 stores.

Ok, what could be the estimated cost of setting up the teleconsultation vertical?

For that, we would be required to set up an application, a comprehensive one can be built in around 50 Lakh rupees as the average cost of setting up an AI is 10 lakhs and would require a maintenance of around 3 lakhs per month , and I believe teleconsultation doctors draw a fixed salary, so the salary for 15-20 doctors could be around 1.5 to 2 crores.

Having incurred these costs, what do you think will be the impact on revenue?

Sir our expenditure on dark stores will not make the delivery process efficient, but will be able to strengthen the company's position in their areas through constant marketing and instant supplies. Teleconsulting is an add-on feature, which will not only help us in increasing our user base but also retain it. I believe these services could help the company grow by at least 8-10% more each year, upon successful implementation.

Impressive, thank you for sharing your approach

Thank you sir, thanks for the opportunity!

HIGH PRESSURE (3/5)

Framework

Case Facts

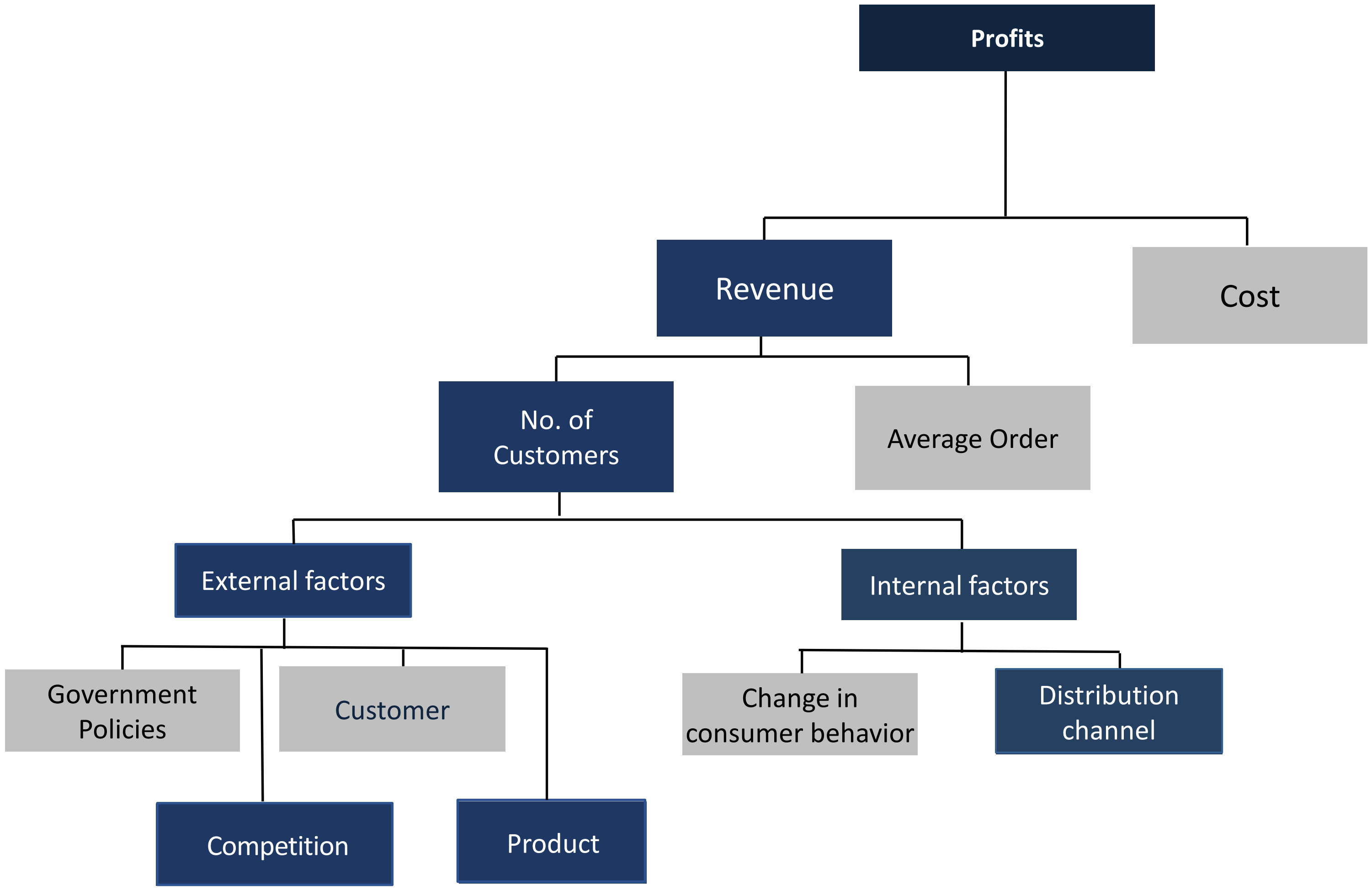
- **Overview** - online medicine delivery company delivering only allopathic medicines.
- **Industry Scenario** – Problem specific to the company
- **Operational geography** – Top 5 tier-1 cities
- **Problem-** Experiencing -ve growth

Recommendations

- **Revamping distribution channel** by opening dark stores.
- Setting up **online medical consultations** on the website.
- Use of **marketing** techniques.

Brownie Points

- **Serviceable and unserviceable** medicines
- **3CP framework**
- Supply-chain Management



HIGH PRESSURE (4/5)

Guesstimate

Market size of Online Medicine Delivery App

Urban-Rural Population Division	Urban	Rural	
	40%	60%	
	52 crore	78 crore	
	130 crore		
Income Wise Distribution- Urban	0-2.5 Lacs	2.5-10 lacs	10 Above
	30%	50%	20%
	15.6	26	10.4
	15.6 crore	36 crore	
Avg Family Size	4		
	9 crore		
Type of Medicines	Allopathy	Homeopathy	Ayurveda
	70%	20%	10 %
	6 crore	2 crore	
Allopathy Medicine Division	Serviceable	Non-Serviceable	
	90%	10%	
	5.7 crore	0.6 crore	

Subscription

Average amount	<500	500-1000	1000-2000	2000<
	250	750	1500	2000
% of people ordering	1%	2%	2%	3%
(in cr.)	14.3325	85.995	171.99	343.98
Total (in cr.)	616.2975			
Frequency of orders in 1 year	3	6	9	12
	10%	30%	20%	40%
Total Subscription (in cr.)	184.8892	1109.335	1109.335	2958.228

Non-Subscription

Average amount	<500	500-1000	1000-2000	2000<
	250	750	1500	2000
% of people ordering	25%	40%	25%	10%
(in cr.)	358.3125	1719.9	2149.875	1146.6
Total (in cr.)	5374.6875			
Frequency of orders in 1 year	6	4	3	2
	20%	30%	30%	20%
Total Subscription (in cr.)	6449.625	6449.625	4837.21875	2149.875
TOTAL (in cr.)	**25248.132**			

Assumptions

- Earning above 2.5 lac would be able to afford, as they have access to doctors who prescribe medicines and can afford to go to private doctor
- Estimated major orders to come from the avg bill of Rs750

Financials

Exhibit 1

Financials					
Particulars	**2020P**	**2021P**	**2022A**	**2023E**	**2024E**
CAGR	12%	10%	~~8%~~ ~~12%~~	16%	22%
Cost (% of Revenue)	10%	15%	~~20%~~ ~~17%~~	12%	10%

Exhibit 2

Cost of opening a Dark Store (in lacs)				
Particulars	**Proposed value**		**Particulars**	**Proposed value**
Expenses			**Assets**	
Annual Rent	18	(For 2,000sq ft)	Furniture	30
Annual Salaries	24	(For 10 employees)	Other Assets	5
Annual Insurance	1	(20k per employee)		35
Utility bills	10			
Other Misc. expenses	5			
	58			
Total Cost of 1 dark store	93			
Total no. of dark stores	20	4 dark store in each city		
Total Cost	**1860**			

Cost of starting teleconsultation (in lacs)				
Particulars	**Proposed value**		**Particulars**	**Proposed value**
Maintenance cost of AI (Customer care included)	3 per month		Setting up AI	10
Salaries for Doctor	220	For 15-20 doctors		
Total Cost	**266**			

Overall Cost (in lacs)	2126

WHERE ARE THE ORGANS (1/3)

Transcript

Your client is Healthmed, pioneers in organ donation & related services since 1990s. However, recently they are facing problems and are able to churn out lower profits. Help them identify the problems and solve them.

I would like to start by understanding the client a little better. Where is the client located and since when has the client been facing the decline in profits?

The client is based in Delhi and provides pan-India services. They have been facing the decline in profits for the past 2 months.

Which all organs does the organization accept as donation?

The organization deals in all kind of organs, there is no specific list to which it confines itself.

Has there been a change the competitor landscape of the organ donation industry?

No, it has remained the same

Is the client conforming with all government regulations regarding organ transplants?

Yes, there are no issues in that regards

Where does the client lie in the value chain?

The client acts as a link between the organ donor and the patient who needs the organ. The client identifies an organ donor, after which, the correct patient who is in need of these organs is identified. Then the organs are harvested and are transported to the patient for immediate transplant.

How are the organs transported to the patients in need?

The organs are stored in cold storage and organs can be stored anywhere from 5 hours to 48 hours.

We know that profits are a function of revenue and costs, so the decline in profitability must be due to a decline in revenue or increase in costs. Which side you would want me to explore first.

I would like you to explore the revenue side first.

Revenues are the products of Quantity of sales and price, so has there been a change in either?

The prices of the services have remained constant, but the number of patients who have successfully gotten organ transplants through our organization has declined substantially.

The decline in organ transplants can be due to a fall in demand or increase in supply, so I would like to ask if there has been a decline in the number of patients needing organ transplants?

No, there has been no substantial change in the number.

Since there is no fluctuation in the demand side, I would now like to analyze the supply side.

Fair enough, go ahead.

Like you mentioned, the client identifies the organ donor and then looks for the patient who needs the organ transplant, I would like to know how the client identifies and maintains a database of the donors

The client is in tie-ups with hospital chains all across India, and when the hospital identifies a suitable donor who has consented to the same, they approach the client, who then initiates the due diligence.

Has there been a decline in the number of organ donors?

No, that number has also remained the same.

If the number of organ donors has remained constant, this means that there exists a problem in the process of getting the organs delivered to the patients. I would now like to analyse the same process step by step. Can I go ahead with the same?

Yes, go ahead.

Have the hospitals been facing any problems in contacting the client?

No, there exists no problem at that stage

Alright, then is there a problem in matching the organ donors and patients?

WHERE ARE THE ORGANS (2/3)

Transcript

Yes, there has been a massive slowdown in this step of the process.

How does the client match the organ donors and the patients?

The client has an internal portal, developed in-house, in which the data of the organ donor is fed, which in turn automatically matches the organs available for transplant to the patients who can use said organs.

Has the slowdown been because of the portal?

Yes, the portal was introduced about 3 years ago, and has been facing several glitches and long downtime since the past 2 months.

Were the glitches because of a newer version of the portal or any updates?

Yes, you are spot on, there was a recent update in the portal.

Alright, since we have discovered the cause of fall in revenue, I would like to suggest changes to fix said problem

Go ahead

I would like to suggest 2 solutions for the client:

1. The client should revert back to the version of the portal wherein the glitches were not being faced.
2. The client should consider outsourcing the portal development to a specialized IT firm, since the clients' pipeline is highly time sensitive and should not face any slowdowns.

Perfect, we can now conclude the case

WHERE ARE THE ORGANS (3/3)

Framework

Case Facts

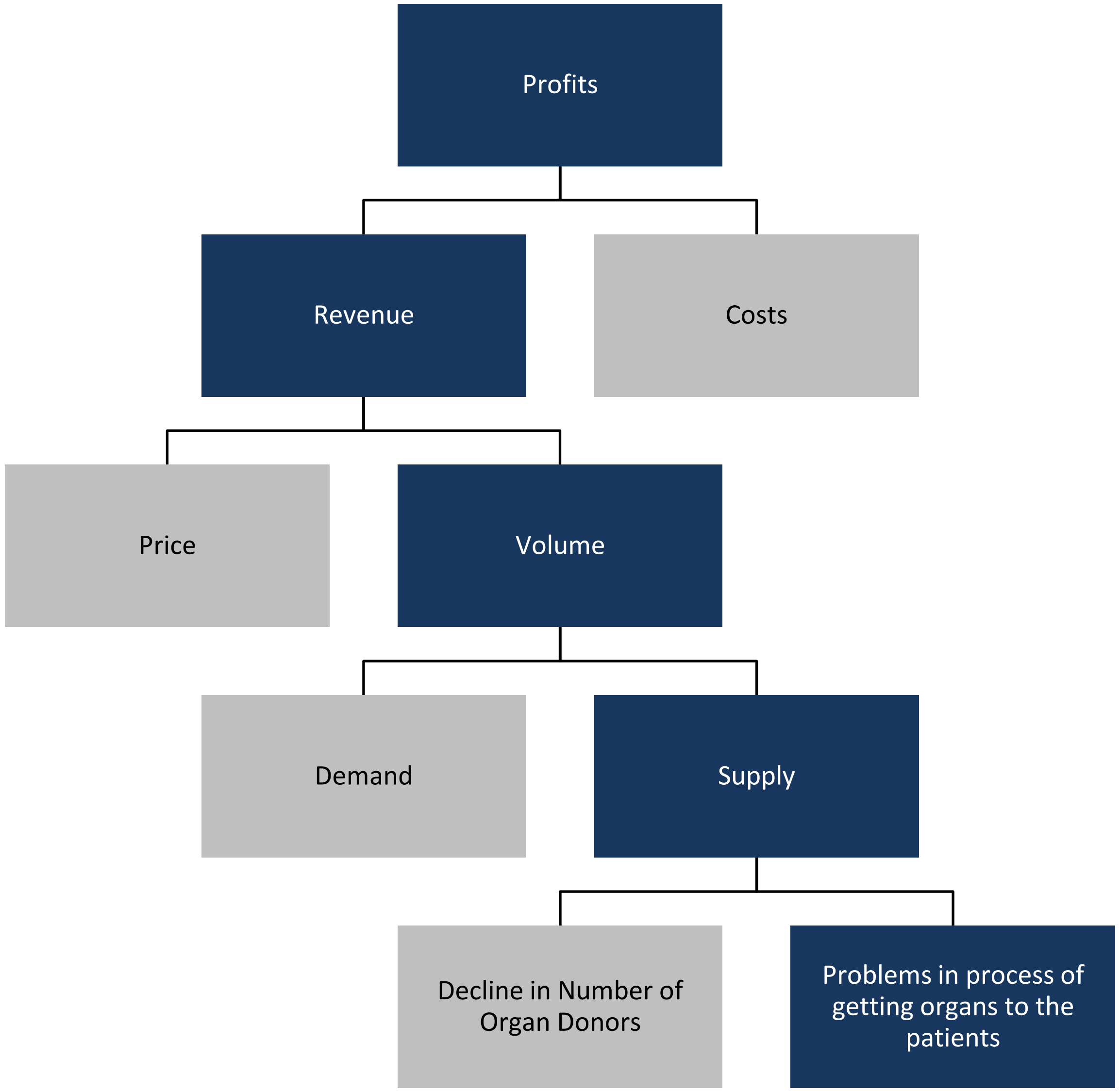
- Overview – Organ Donation Company facing declining profits
- Industry Scenario – Problem specific to the company
- Period of Decline – Since 2 years
- Change in Regulation – None
- Cause of Decline – Newer version of in-house developed portal facing multiple glitches

Recommendations

- Revert back to the version of portal wherein the glitches weren't present
- Outsourcing portal development to a specialized IT firm.

Brownie Points

- Acknowledgment of special cases of organ requirement



Transcript

Our client is an architectural firm that designs houses and offices and has not been able to achieve its target profitability for the past 3 years. You have to find out the reason for the same and suggest strategies to achieve the desired profitability levels.

I would like to ask a few clarifying questions. How long has the company been working, and how much was the decline in profitability YoY?

The company has been operational since 2011 and is 12 years old now. The company hasn't been able to achieve its profitability target of 20% YoY for the past 3 years.

May I know the composition of the clientele of the firm and its area of operations?

The clientele is mainly Real Estate Firms and not individual builders, and the firm is currently operational only in Delhi NCR.

Is this problem being faced by the entire industry or is it only specific to our client's firm?

The problem is only being faced by the client's firm, rest of the industry is performing well.

We know that profits are the difference between revenue and costs, so is there any data available regarding the firm's revenues and costs?

Before I provide you with the data, I would like you to list down the potential sources of revenues and costs which the firm may have.

I believe the following are the primary sources of revenue for the firm:

- Fees for the designing services provided by the firm.
- Royalties in case the client is entering into such royalty-based agreements.
- Commission charged by the firm from their distributors for marketing their product and purchasing in bulk (Eg. Furniture).
- Other sources of Revenue.

As for the costs, I believe the following are the primary expenses of the firm:

- Employees' salary and welfare expenses will have the lion's share.
- Marketing expenses
- Administrative and Office expenses are the other primary sources of costs.
- Any other miscellaneous expenses.

Great, you have listed most of the sources of Revenue from Operations and Total costs for the client. The following data is available regarding these two things. (Please refer to the Financials)

Looking at this data, I see that profitability resulting from operations has remained the same at 17% over the past 3 years. This leads me to believe that the firm might have had some revenue from other sources which has seen a decline in the past 3 years as the net revenue growth rate has fallen from 10% to 5% YoY, even though the revenue from operations has been constant for 20%.

Yes, you are absolutely correct, but before you start to explore the income from other sources, I would like you to estimate the Total Market size of the Architectural Design Industry in Delhi first.

Alright, for estimating the total market size of the Architectural Design Industry in India, we first need to estimate the area of Delhi, for which I would like to assume that Delhi is roughly circular in shape and use the length of the Yellow Line of Delhi Metro, which runs from North Delhi to South Delhi, to estimate the radius of the city.

That sounds interesting, go ahead with this method.

From my experience, it takes 1.5 hours to travel from one end of the Yellow Line to another. Metro travels roughly at a speed of 45 kmph and including the stoppages, this speed boils down to 30 kmph. Therefore, the length of the yellow line comes out to be 45 km, which makes the radius of Delhi roughly 23 km.
Using the simple formula of area of a circle, the Area of Delhi comes out to roughly 1500 sq. km

Alright, now that you have the area of Delhi, how will you calculate the required market size from it?

I will divide the area into 3 brackets, which are: Constructible area, which should be roughly 10%, Re-constructible Area which should be around 15% and Non-constructible area which should be around 75%.
Out of the constructible area, 20% would be occupied and 80% would not be.
65% of the occupied area would be available for residential construction purposes, while 10% would be for industrial, 20% for commercial, and 5% for other purposes.
The Residential constructions can be further bifurcated into Buildings and Houses, both being 50% each.

Transcript

The buildings can be bifurcated into Projects and Individual Buildings, with a ratio of 30:70, while the houses can be bifurcated into apartments and individual housing, again in the ratio of 30:70. The various residential projects can be further bifurcated according to their size into Large, Medium and Small, and we can take assumptions about their average area and average fees to arrive at the total fee for each type of residential projects.

As per my calculations, the total market size of constructible area for the architectural design comes out to 780 Crore Rs.

As for the re-constructible area, we can make similar assumptions of their size, after making which I arrive at the number of 1402.5 Crore Rs.

In total the Market Size for Architectural Design in Delhi comes out to Rs. 2182 Crore.

Okay, great. Also, since you have mentioned that there is a decline in the income from other sources, what can be the possible reason for this?

One possible reason for this decline might be that the firm is not investing its ideal cash in the most efficient manner. Can you show me the investment assets of the client?

Yes here are the following investment opportunities our client is currently investing in:

- Government Bonds: 25%
- Bank Deposits: 25%
- Real Estate: 50%

Okay, can you share with me the investment assets chart along with the market return rate?

Yes, here you go (Please refer to the Financials)

Thanks. Looks like there can be better investment opportunities. If you also have data regarding the risk factor ?

Yes. We do have data regarding the risk %. (Please refer to the Financials)

Great. I will calculate the risk adjusted return.

Sounds good. Go ahead.

Some possible profitable investment opportunities which can be made use of by the client are:

- Real Estate for long-term investment
- Mutual Funds
- Government Bonds
- Other funds run by Asset Management Firms
- Collaborations and Acquisitions

Perfect, we this we can wrap the case up

Framework

Case Facts

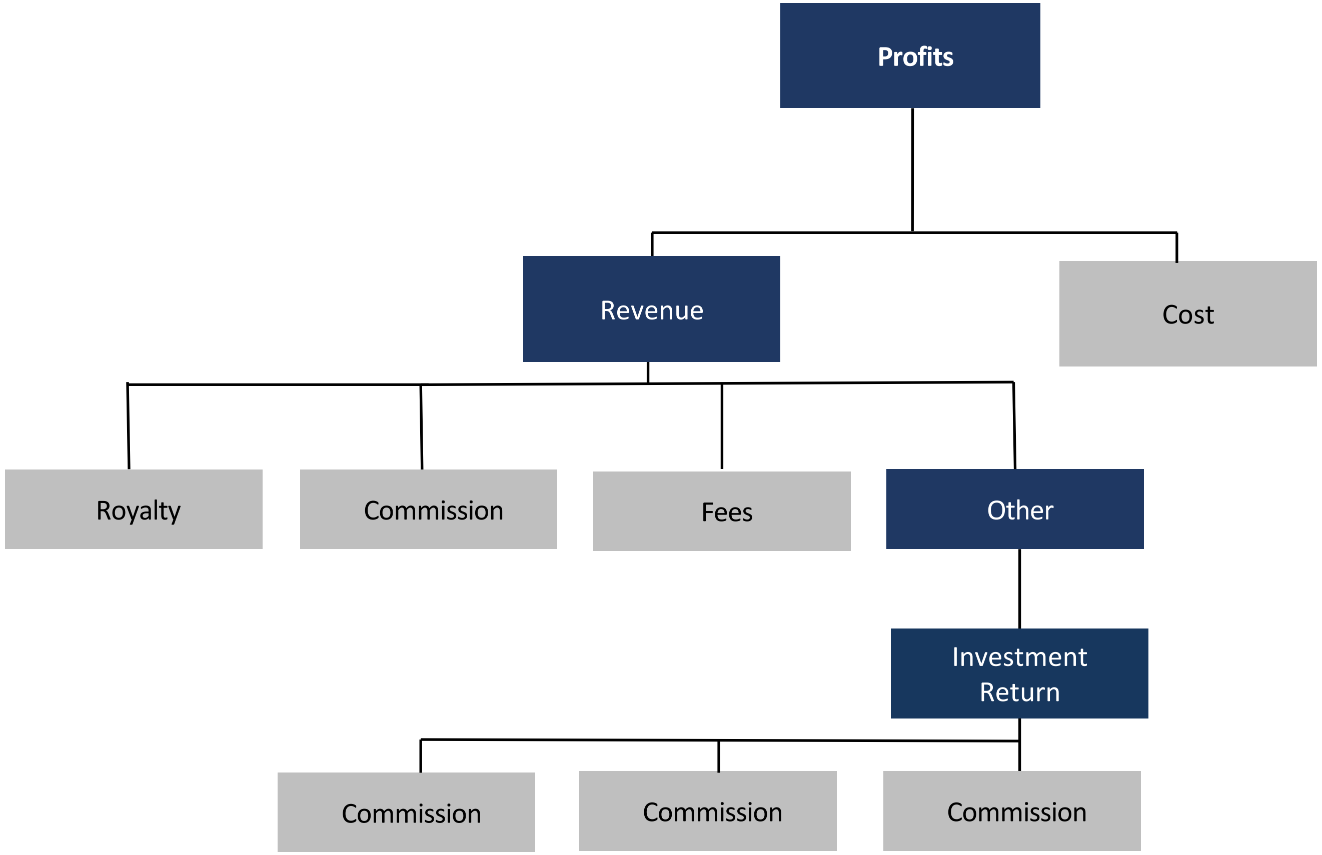
- The Client is an Architecture Firm which serves **Real Estate Clients** not Individual Builders
- Client has experienced **falling profitability** but the industry is witnessing stable performance.
- Problem is caused not because of the core operations of the client but rather an **alternative Investment**.

Recommendations

- Evaluate the Risk Adjustment Return of various investment opportunities
- Determine the best investment opportunities on the basis of the evaluation

Brownie Points

- **Decline in Revenue growth** in spite of Increase in Revenue From Operation.
- **Estimation of Area of City** with the help of Metro Coverage.
- Revenue affected because of **wrong investment by the Client.**



DRAWING GONE WRONG (4/7)

Guesstimate

Length of Yellow Line = 30 * 1.4 = 45 Km

Radius of Delhi = 45 / 2 = 23 Km, Area of Delhi = 1500 Sq. Km (approx.)

Area of Delhi

	Constructable Area				Re-Constructable Area	Non-Constructable Area
Area of Delhi	10%				15%	75%
	150				225	1,225
Area Remaining for Construction	Occupied 20%		Not- Occupied 80%		2,25,00,00,000	
	30		120			
Type of Construction	Residential 65%	Industrial 10%	Commercial 20%	Others 5%		
Total Area Remaining for Residential construction	78,00,00,000					
Residential Project Bifurcation	Buildings 50%		Houses 50%			
	39,00,00,000		39,00,00,000			

Assumptions

- Average Life Span of Building is 50 to 80 Years
- Delhi is Circular in Shape
- It takes 1.5 hour to travel one end of station to another end based on Delhi
- Considering average speed of metro is 45 kmph and including the stoppage in between it roughs down to 30 kmph

Scan the QR Code to access the Guesstimate Spreadsheet

DRAWING GONE WRONG (5/7)

Guesstimate

Area of Delhi
- Constructable Area
- Re-Constructable Area
- Non-Constructable Area

	Constructable Area				Re-Constructable Area
Residential Projects Bifurcation	Projects 30%	Individual Building 70%	Apartments 30%	Individual Housing 70%	**All Residential Projects included**
	117,000,000	273,000,000	11,70,00,000	27,30,00,000	
Large	20%	20%	35%	50%	20%
	2,34,00,000	5,46,00,000	40,950,000	1,36,50,000	45,00,00,000
Average Area	1,00,000	20,000	1,00,000	10,000	75,000
No. of Large Projects	234	2,730	410	13,650	6,000
Average Fees	10,00,000	2,00,000	10,00,000	1,00,000	5,00,000
Large Project Fees	23,40,00,000	54,60,00,000	40,95,00,000	1,36,50,00,000	3,00,00,00,000
Total Fee (in Rs. Cr.)	255.45				300
Medium	30%	50%	40%	35%	30%
	3,51,00,000	13,65,00,000	4,68,00,000	9,55,50,000	67,50,00,000
Average Area	50,000	10,000	50,000	5,000	25,000
No. of Properties	702	13,650	936	19,110	27,000

Assumptions

- Average Life Span of Building is 50 to 80 Yrs
- Delhi is Circular in Shape
- It takes 1.5 hour to travel one end of station to another end based on Delhi
- Considering average speed of metro is 45 kmph and including the stoppage in between it roughs down to 30 kmph

Scan the QR Code to access the Guesstimate Spreadsheet

DRAWING GONE WRONG (6/7)

Guesstimate

Area of Delhi

	Constructable Area				Re-Constructable Area	Non-Constructable Area
Average Fees	5,00,000	1,00,000	5,00,000	50,000	2,00,000	
Medium Project Fees	35,10,00,000	1,36,50,00,000	46,80,00,000	95,55,00,000	5,40,00,00,000	
Total Fee (in Rs. Cr.)	313.95				540	
Small	50%	30%	25%	15%	50%	
	5,85,00,000	8,19,00,000	2,92,50,000	4,09,50,000	1,12,50,00,000	
Average Area	20,000	2,000	20,000	2,000	10,000	
No. of Properties	2,925	40,950	1,463	20,475	1,12,500	
Average Fees	2,00,000	20,000	2,00,000	20,000	50,000	
Medium Project Fees	58,50,00,000	81,90,00,000	29,25,00,000	40,95,00,000	5,62,50,00,000	
Total Fee (in Rs. Cr.)	210.6				562.5	
Total	780				1402.5	
Total Market Size (in Cr.)	**2,182.50**					

Assumptions

- Average Life Span of Building is 50 to 80 Yrs
- Delhi is Circular in Shape
- It takes 1.5 hour to travel one end of station to another end based on Delhi
- Considering average speed of metro is 45 kmph and including the stoppage in between it roughs down to 30 kmph

Scan the QR Code to access the Guesstimate Spreadsheet

Financials

Exhibit 1

(In ₹ Crores)

Revenue and Cost Schedule			
Particulars/ Years	**2020**	**2021**	**2022**
Net Revenue	180	198	207.9
Revenue from Operations	150	180	216
Cost	125	150	180

Exhibit 2

Investment Assets Chart			
Investments	**Return**	**Risk**	**Risk Adjustment Return**
Real Estate	15%	0.15	13%
Blue Chip Equity	15%	0.25	11%
Fixed Income	12%	0.2	10%
Startups	70%	0.5	14%
Derivatives	20%	0.5	10%
Index Funds	15%	0.2	12%
Bank Deposits	7%	0.02	7%
Government Bonds	6%	0.01	6%
Corporate Deposits	10%	0.08	9%
Speculative Stock	32.50%	0.45	18%

GROUNDED (1/2)

Transcript

Our Client Ramco Airline has seen an unusual increase in profitability. Can you find out the reasons behind the same?

Okay. I would like to start by asking a few preliminary questions.

Sure. Go ahead.

If this unusual increase happened only to our client or to the competitors as well.

This unusual increase in profitability is limited to our client only. You can go ahead and work out the revenue streams for our client

Okay. I would like to segregate the revenue of the client into ticket revenue, Cargo services, in-flight Catering Services, advertisement, and flight entertainment. Do you want me to go on the cost side as well?

No, let us focus on the revenue side only.

So, first I would like to look at ticket revenue. Ticket Revenue = Price of Ticket * No. of Flights * No of Seats * Occupancy Rate
Do you have information on any of these factors?

No. The revenue from selling tickets is constant. Try looking at other factors

How about cargo services if the client has diversified the business in terms of services offered, number of planes & coverage area

No, the services are the same as before

Great. How about advertisements is there a change in revenue from the same

Actually, it's the opposite there has been a slight reduction in revenue by advertisement.

What changes have been made in the advertisement services

Previously we used to have advertisements by a different company in the back seat area. Now it's replaced by the client's own in-flight app/website.

Interesting. What services does the client offer in the flight app?

Through this in-flight app passengers can book taxis, and hotels, rent movies and order food on flights, and much more.

Has there been an increase in usage of this service?

Yes, the usage of this app has become 4-fold after placing the Ad behind the seat.

Interesting. How is the revenue split among different inflight services of Ramco airline

The revenue split is as follows: Taxi Booking- 10%, Hotel Booking-15%, Renting movies: 5%, Ordering Food:30% and inflight shopping: 40%

Inflight shopping is having big share of total revenue. When did Ramco introduce the inflight shopping feature?

We introduced this feature along with our new ad campaign that I mentioned earlier.

So, Inflight shopping is the reason behind unusual increase in profitability.

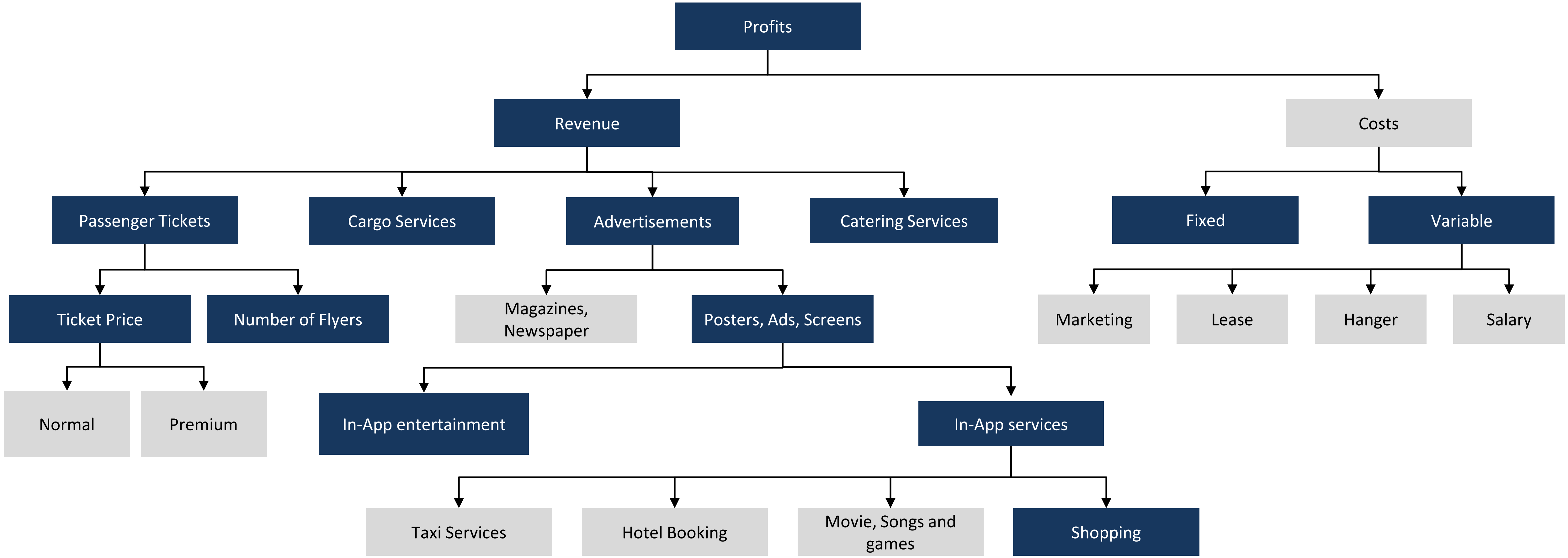
Great. What all recommendation do you want to suggest to sustain the revenue?

The recommendation would be to make the app more engaging by offering various offers, collaborating with other brands to offer there service in the app and constantly pushing the update to make app fluid.

Great, Thank You. We can close the case now.

GROUNDED (2/2)

Framework



Case Facts

- Client is an airline company
- Client had changes its advertisement strategy
- Client had unusual increase in the profitability

Recommendations

- Engaging by offering various offers
- Collaborating with other brands to offer there service in the app
- Constantly pushing the update to make app fluid

Brownie Points

- Unusual change in pattern of passenger
- Change in company strategy

PLEASE DON'T GO (1/2)

Transcript

Your client is a bank which has been struggling to keep up its profits in the home loan division despite having the largest deposit base. You've been hired to help the client diagnose the reasons for the dip in the profit.

Thank you, to confirm once our client is a bank and it has been currently struggling with its profits in its home loan division.

Yes, you can continue with your analysis.

I would like to ask how long has the client been facing this problem. And has the problem been specific to the client or if all the players in the industry have been facing problems with profitability in their home loan division.

The client has been facing these problems for the last 3 years. The problem is specific to the client. A few other banks have improved their profitability in the home loan sector in the last 3 years.

Given that it is a client specific problem, I would like to ask about the demographics of your customer base seeking home loans? Has there been any drastic change in the costs?

It comprises mostly salaried class people. Our costs are competitive and haven't changed drastically. On the other hand, the revenues have seen a dip in the last 2 years affecting our profitability.

The revenue would mainly be made up by the volume of loans given and the interest rate charged on the loans. Have we decrease the interest rate on our loans?

The interest rate has remained the same

In that case the volume of home loans being taken has decreased. I'd now like to assess the reasons as to why that could have happened.

Yes, please go ahead

I'd like to consider factors such as competition, accessibility & reach, ease in use of services, efficiency, change in customer preferences and public image in order to analyse the drop in volume of loans.

The problem mainly lies in accessibility and ease in use of services. Currently we have a cluster of our branches in tier 1 and tier 2 cities, but very less accessibility in tier 3 & 4 cities.

Has there been a decrease in demand for home loans in tier 1 & 2 cities. Consequently, has the demand for home loans increased in tier 3 and tier 4 cities?

Yes there has been a decrease in demand in tier 1 and tier 2 cities. Can you analyze the reasons for this?

Yes, I can attribute the decrease in demand in tier 1 and 2 cities to increasing property prices and a major influx of people due to migration who do not possess the collateral to buy a home. Also based on the fact that a large proportion of our customer base is salaried individuals, the current work from home trend has resulted in a large number of employees working remotely from their native place due to increasing digitization. Frequent shifts in the workplace have also become common, making people more hesitant to buy houses.

Apart from this our competitors have improved their profitability due to a focal shift to tier 3 cities? Can you identify the reasons for increase in demand in tier 3 cities?

An increase in demand for home loans in tier 3 cities can be attributed to increasing economic opportunities and improving living standards in tier 3 cities. A gradual shift from the agricultural to manufacturing sector has resulted in new jobs and factories in tier 3 cities attracting people from tier 4 cities as well as improving existing standards of living of people residing in tier 3 cities. Work from home culture has enabled a portion of the salaried class to work from their native places including tier 3 cities with a tier 1 or tier 2 cost of living adjusted salary, allowing them to make home improvements and buy new homes.

That was well summed up, do you have any suggestions to tackle these problems?

Yes, we can expand our footprint to tier 3 traditionally and through a digital approach. Traditionally it can be done through opening more branches in prominent tier 3. Digitally, we can create an app or a website through which people living anywhere in India can digitally apply for a home loan and get approved through a simple application process.

Thank you for that analysis. We will wrap up the case here.

PLEASE DON'T GO (2/2)

Framework

Case Facts

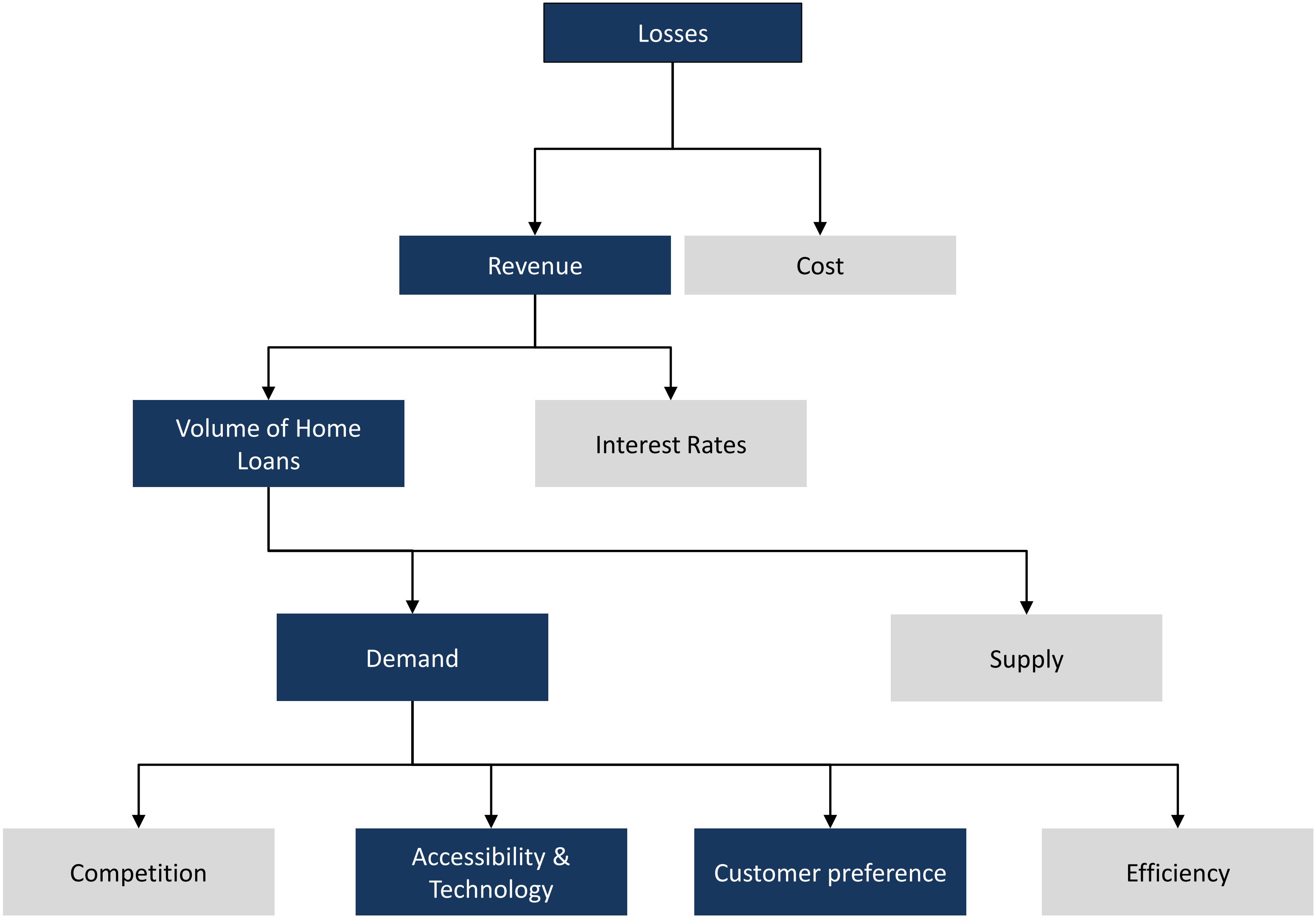
- Client is India's most trusted brand with the **largest deposit base**.
- Lately it has been **experiencing losses** in the **home loan division**.
- Client is facing a **decline in revenue**.

Recommendations

- The **increasing property price** and **major influx of people from migration** who do not possess the collateral to buy a home has decreased the demand for home loan.
- **Increase in demand** for home loans in tier 3 and 4 cities.
- **Expanding in tier 3 and 4 cities** by opening more branches and through digital approach by creating an app/ website through which people living anywhere in India can digitally apply for a home loan and get approved.

Brownie Points

- **Opting digital approach** to expand
- **Identifying increasing demand** in tier 3 and 4 cities



SLIPPERY BUSINESS (1/2)

Transcript

Your client is a shop owner near a temple. Recently, he is facing a sharp decline in profit. You have been hired as a consultant to identify the reasons and give recommendations.

I would like to ask a few clarifying questions as I'd like to understand more about our client before I begin to analyze the case.

- At what type of location is the temple located, is it a tourist place?
- How long has our client been in this business?

The temple is a small tourist place located in a village. Our client has been in this business for the last 7 years.

Ok so as it is a tourist place, I can assume that there are few competitors in the locality as well. So what are the products sold by the client and the competitors?

Yes, there are competitors present and the products sold by the competitors are the same as ours.

Also, what is the price band of our competitors? And how long has the client been facing a decline in profits?

The products sold are of two categories. The first one is an individual item and the second is a combo in a basket. The client has competitive pricing but is facing a decline in profits from the last 2 months.

Do all the competitors face the same problem or is it specific to our client? Also could you please elaborate more on the combos sold by our client?

The problem is specific to our client only and the combos sold are as follows:

- Basket 1- Flower, Small packet of sweets
- Basket 2- Flowers, a packet of sweets, coconut, and a cloth
- Basket 3- Rose Flowers, ½ kg of Sweets, coconut, cloth, and a diya

Thank you for the information. I would like to take 30 seconds to make a structure

Alright

As we know that Profits= Revenue - Cost. So is it a cost-side problem like is there any increase in the cost of raw materials or a revenue-side problem?

The costs of raw materials remain the same. It is a revenue-side problem.

Since it is a revenue-side problem. Revenue is equal to the number of customers multiplied by the selling price. Also, there is a possibility of a problem with the product mix of the client. So in which aspect do you want me to dive in?

So there is no change in the selling prices. The number of customers coming to shop has reduced. Also, you can suggest some changes in the product mix too.

Since the number of customers coming to shop has reduced. There could be 3 possible reasons for the same. Firstly, is there any recent construction which made the shop inaccessible for the customers? Secondly, there could be some quality issues with the product. Lastly, there could be some additional changes made by the direct competitors. Or anything else you think I am missing?

You have included all the possible factors. So there is no construction in the locality so the shop is accessible to the customers. The quality of the product is the same. Yes, there is a problem with the competitors.

In that case, is there any change in the price or the products? Or are there any additional services provided? For example, giving special services for senior citizens, Priests for some special worshipping of God, or service keeping footwear of the visitors?

So the prices and products are the same as they were before but recently he has started giving services of keeping footwear for free at his shop for the customers.

In that case, is there any change in the price or the products? Or are there any additional services provided? For example, giving special services for senior citizens, Priests for some special worshipping of God, or service keeping footwear of the visitors?

So the prices and products are the same as they were before but recently he has started giving services of keeping footwear for free at his shop for the customers.

Ok, so I have identified the problem. Since our competitor has started a free footwear-keeping service for all the customers, the footfall has increased there since everyone wants to keep their footwear before entering the temple.

Fair enough. Now we can move on to the recommendations part.

- Can provide free footwear and water services for handwashing
- Can provide VIP pooja Thalis and baskets facilities
- Can provide the facility of VIP Darshan
- Can provide special facilities to senior citizens like wheelchairs, TV *aarti*

Thank you for the approach, I think we can end our discussion here.

SLIPPERY BUSINESS (2/2)

Framework

Case Facts

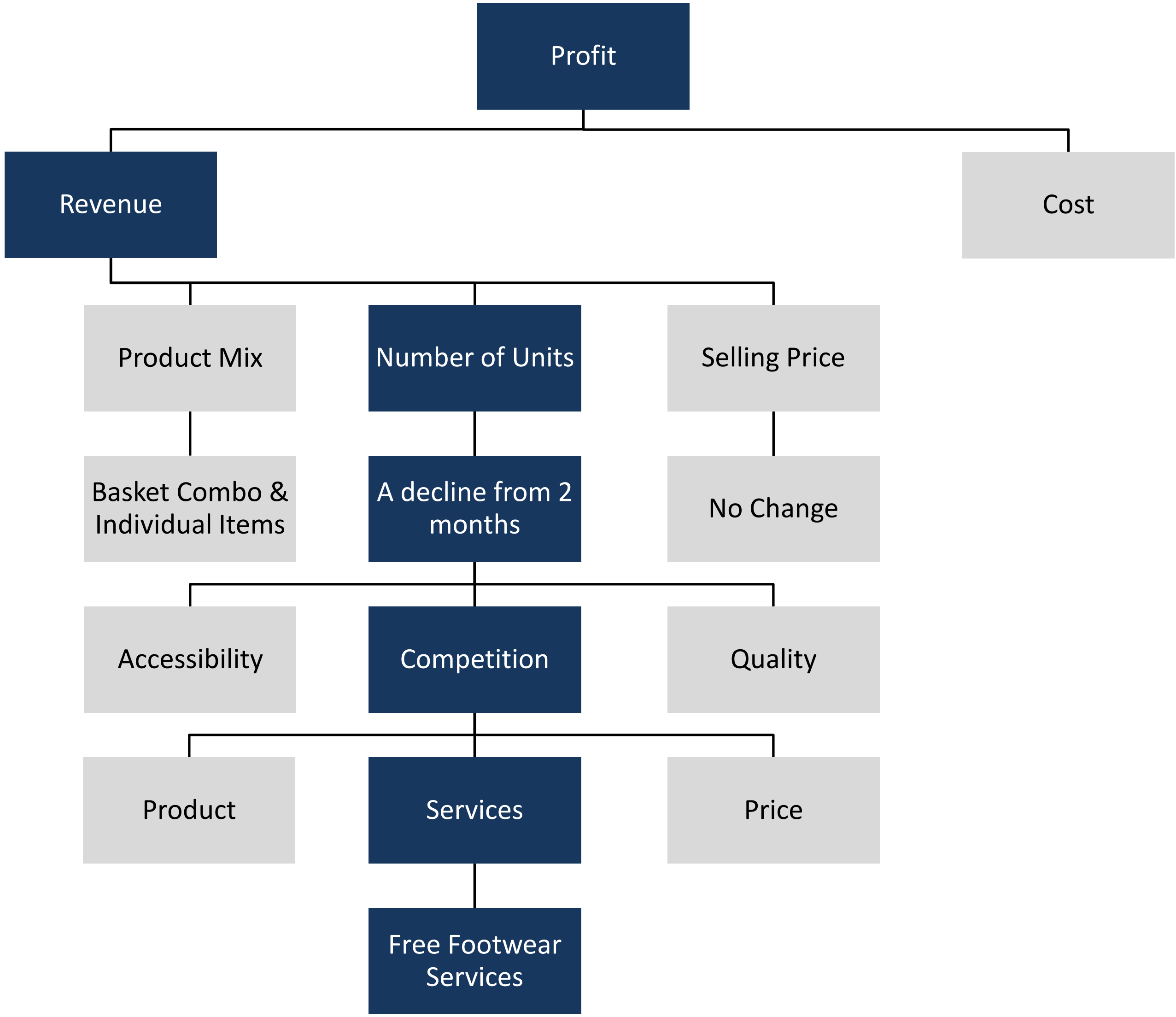
- Store is running a business for the last 7 years.
- Temple is a small tourist place located in a village.
- Provide Basket combos and Individual items
- Decline in profits from last two months.

Recommendations

- Can provide free footwear and water services for handwashing.
- Can provide VIP pooja Thalis and baskets facilities.
- Can provide the facility of VIP Darshan.
- Can provide special facilities to senior citizens like wheelchairs, and TV aarti.

Brownie Points

- Starting the discussion by understanding the demand or supply side problem
- Creative solutions to distinguish client from competitors



WHAT THE FOODIE! (1/6)

Transcript

Your client is Tomato, an Indian multinational restaurant aggregator and food delivery company. It provides information, menus and user-reviews of restaurants as well as food delivery options from partner restaurants in select cities. It's currently facing a decline in its profitability. You have been hired to solve this conundrum.

Is there a decline in profitability throughout the industry or is it specific to our client. For how long have they been facing such a decline?

The decline is specific to Tomato. The client has been facing the problem since the past 6 months.

Has there been any major technological upgrades?

No, there haven't been any changes.

Have any new competitors entered the market in the past 6 months?

No, there has been no change in substantial competitors.

To analyze the problem further, I would now like to look at the revenues and costs of the business. We know that, Profit = Revenue – Costs. I'd like to start by assessing the cost side first.
Cost= Fixed Costs + Variable Costs
Fixed Costs:

1. Insurance: General Liability Coverage, Commercial Auto Insurance, Worker's Compensation
2. Employee Benefit Expenses
3. Finance Costs
4. Technology (development, deployment and maintenance)

Variable Costs:

1. Delivery & Related Charges
2. Advertisement & Sales Promotion
3. IT Support Services
4. Outsourced Support Cost
5. Payment Gateway Charges
6. Legal Payments

Have any of these costs been affected?

No, the costs have not been affected.

Alright. I shall look into the revenue side then. What are the revenue streams of our client and which are the major ones?

Our client generates revenue through the following streams:

- Commission on food delivery
- Restaurant listing and Advertising
- Tomato Gold Membership
- Consultancy to restaurants

Great. Do we know which of these streams has/have been affected? Or do you want me to assess any particular stream?

I would like you to assess the revenues generated by way of commission first.

So revenues here would be no. of orders x (average order value x average commission received). Have the no. of orders been affected or our commission rates changed?

Currently our commission rates have remained the same and are competitive. I would like you to estimate the number of orders received by online food apps in a day.

So, I would now come to those numbers through a guesstimate. To analyze the number of food orders received in a day in India, I took the urban and rural population of India and gave them different accessibility ratings given the current coverage of online food delivery services in India. The resulting population can be divided into the working & non working population. Amongst the working population, only people earning over 10000 a month are considered to be consumers factoring in affordability. The non working population can be divided into students & retired folks. Only students over the age of 16 are considered as only they have the resources to place an order(in case a smaller child orders, it will come under the parents working population number). A small percentage is taken in terms of retired people due to cultural practices and trends. After this, the living conditions are considered, dividing them into living in a home, a PG or a flat (with/without cook) which influences the likelihood to order food. These filters give us the number of online food orders received in a day as approximately 10.5 lakhs.

Thank you for running us through your approach. The number is quite close to our projections.

Now, I would like to focus on other factors. I will consider the restaurant listing and advertising. Are there any overall changes in the advertising revenues of the company?

Yes, we are currently facing a decline in the revenue from this source.

Revenues here will be a product of the number of brands opting for advertising and the average charges for advertising. Has the no. of brands opting for advertising gone down or have there been any changes in the prices we charge for this?

Transcript

The no. of brands opting for advertising has gone down

I think the following reasons can be the cause of this problem:
1.Low conversion of customers
2.Incompatibility between the product and the app.
3.Unethical practices or bad public image that causes degradation of brand value.

We have received feedback that we are unable to tap beneficial brands to advertise on our app, major reasons being non- compatibility, lower click through rates & conversions. We have the data of 2 months for 3 clients. The monthly allocation data for client 1 is 30% on Facebook, 20% offline, 10% on Tomato, 40% on promotions, giving a return of 35, 15, 12, 45 in month 1 and 35, 14, 13, 27 in month 2 on each of these allocations respectively.
For client 2 it is 10% on Facebook, 10% offline, 40% on Tomato, 40% on promotion with the revenue being 30, 20, 105, 115 for month 1 and 32, 18, 100, 115 for month 2 respectively.
And for client 3 it is 10% on Facebook, 20% offline, 60% on Tomato, 10% on promotions, giving 65, 120, 280, 55 for month 1 and 66, 125, 250, 55 for month 2 as the revenue. What can you infer from this data?

I can calculate the return on ad spend for each of these clients for the two months, which comes out to be 117%, 75%, 120%, 113% and 117%, 70%, 130%, 118% for month 1 and 2 respectively for client 1. Similarly, it is 120%, 80%, 105%, 115% and 128%, 72%, 100%, 115% for client 2. 130%, 120%, 93%, 110% and 132%, 125%, 83%, 110% for client 3.
MoM ROAS in Tomato grows for Client 1 which has less revenue, and decreases for Client 2 & Client 3. The subsequent effect leads to bigger clients pulling out money from Tomato adverts leading to a net negative effect. Highest ROAS channel for each client moderately grows MoM whereas the lowest ROAS channel for each client moderately decreases MoM.

That is a good analysis. What could be the reasons for this low return according to you?

Reasons for low return can be:
1.Shift of target customers to the apps of competitors
2.The budget might be too low.
3.The cost per click has been enhanced.
4.Incompatibility of the brand and the app.
5.Change in food ordering preferences of customers
6.Unfriendly UI of the app/ bugs and technical difficulties

Incompatibility & Unfriendly UI are the major reasons for this low return.

I'd like to give the following suggestions to improve the compatibility and brand conversion of the app:
1.Enabling push notifications based upon the area of the user.
2.Brands can be given a dynamic option for advertising, providing different formats including main ads and other small ads.
3.Making engaging adverts that persuade the users. Video graphic ads can be used.

Great, you've analyzed the problem quite well and have given some really good suggestions. Thank you!

WHAT THE FOODIE! (3/6)

Framework

Case Facts

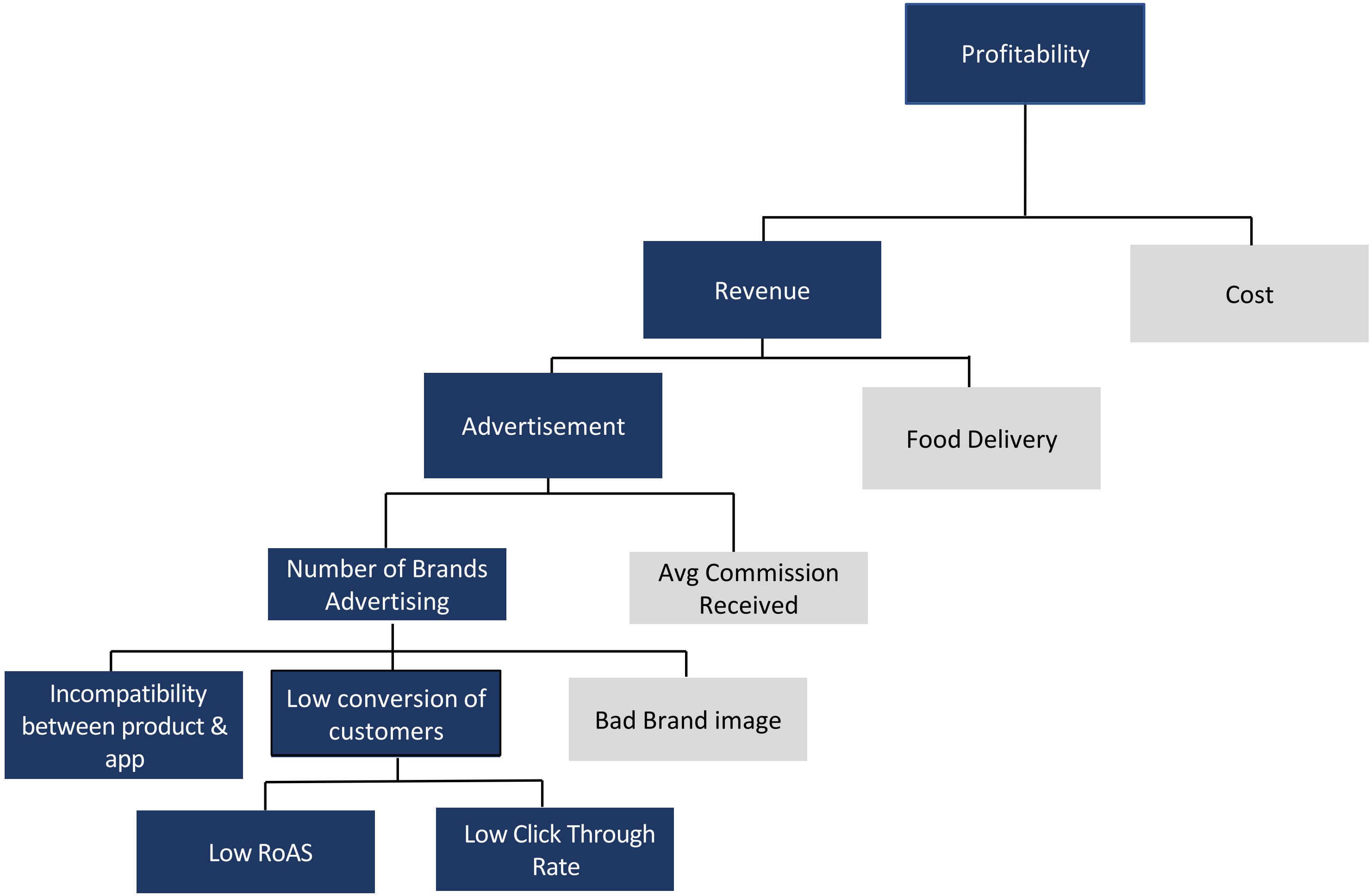
- **Overview** – Tomato, a food delivery platform facing a decline in revenue
- **Industry Scenario** – Problem specific to the food delivery platform
- **Modes of Operation** – Food Delivery & Restaurant listing
- **Change in Regulation** – None

Recommendations

- Enabling push notifications to improve RoAS
- Making engaging adverts that persuade the users
- Giving dynamic options for brands to advertise

Brownie Points

- Identification of **RoAS** as a measure of effectiveness
- **Dynamic advertising** option



Guesstimate

Number of Online Food Orders Placed in a Day

Population of India: 130,00,00,000

Urban Rural Divide

Urban	Rural
30%	70%
39,00,00,000	91,00,00,000

Accessibility Factor

Urban	Rural
80%	15%
31,20,00,000	13,65,00,000

Working Population (Monthly Income & Type)

Working			Non- Working		
60%			40%		
INR 0 - 10000	INR 10000 - 50000	INR 50000+	Students		Retired
30%	50%	20%	70%		30%
8,07,30,000	13,45,50,00	5,38,20,00	<16 Years	>16 Years	% likely to order
			65%	35%	20%
			8,16,27,000	4,39,53,000	1,07,64,000

Assumptions

- The day considered is a weekday and does not lie on any festival or extraordinary event.
- Online food orders include orders placed on food-tech companies as well as orders placed directly on the websites/apps of restaurants
- People earning less than 10000 INR a month cannot afford expensive food and the delivery charges, hence they have been excluded
- Students under the age of 16 do not have the adequate resources to order for themselves
- Retired people may order food due to physical inability to cook themselves, tastes & preferences, family get togethers etc.

Scan the QR Code to access the Guesstimate Spreadsheet

WHAT THE FOODIE! (5/6)

Guesstimate

Number of Online Food Orders Placed in a Day

	Living in a Home	Living in a PG	Living in a Flat – With Cook	Living in a Flat – Without Cook
Living Conditions	55%	15%	30%	
	13,36,97,850	3,64,63,050	7,29,26,100	
			70%	30%
% Likely to Order	20%	40%	20%	80%
	2,67,39,570	5,34,,79,140	1,09,38,915	1,45,85,220
	10,57,42,845			
% Likely to Order on 1 specific day	10%			
Number of Online Food Orders Received in a Day	**10,57,42,845**			

Assumptions

- People living at home are less likely to eat outside food as food is already prepared at their homes
- People living in a PG are More likely to eat outside food due to food quality issues and tastes & preferences
- People living in a flat with a cook are Not as likely to eat outside food as food made as per the wishes
- People living in a flat without a cook are most likely to order due to unavailability of any source of food

Scan the QR Code to access the Guesstimate Spreadsheet

Financials

Exhibit 1

Month 1											
Client 1-100				Client 2-250				Client 3-500			
Allocation	Avenues	Revenue	ROAS	Allocation	Avenues	Revenue	ROAS	Allocation	Avenues	Revenue	ROAS
30%	FB	35	117%	10%	FB	30	120%	10%	FB	65	130%
20%	Offline	15	75%	10%	Offline	20	80%	20%	Offline	120	120%
10%	Zomato	12	120%	40%	Zomato	105	105%	60%	Zomato	280	93%
40%	Promotions	45	113%	40%	Promotions	115	115%	10%	Promotions	55	110%

Month 2											
Client 1-100				Client 2-250				Client 3-500			
Allocation	Avenues	Revenue	ROAS	Allocation	Avenues	Revenue	ROAS	Allocation	Avenues	Revenue	ROAS
30%	FB	35	117%	10%	FB	32	128%	10%	FB	66	132%
20%	Offline	14	70%	10%	Offline	18	72%	20%	Offline	125	125%
10%	Zomato	13	130%	40%	Zomato	100	100%	60%	Zomato	250	83%
40%	Promotions	47	118%	40%	Promotions	115	115%	10%	Promotions	55	110%

GET EM IN THE CLASS ! (1/3)

Transcript

Your client, Shiksha Darbar, is one of India's largest Ed-tech companies for the past 5 years. There has been a considerable decline in the profits. They want you to identify the reason for this problem and hence, suggest some strategies to curb their problem.

Sure, first I would like to know more about the company and its operations. What are the main operations of the company and where does it operate.

Shiksha Darbar provides educational resources to its customers at a subscription fees and is operational throughout India.

How long have the profits been declining for?

For the past 2 Quarters.

Is this problem affecting the entire Ed-Tech industry or is specific to Shiksha Darbar?

No, only the profits of the client have been decreasing. In fact, the industry as a whole has seen ample of growth.

Since you stated that the industry has been growing, has there been an entry of any new competitor in the recent months?

Only some small scale platforms have emerged but none can considerably affect our market share.

As profits are declining, therefore we can say that either the revenue is falling or the costs are rising or both. So which side shall I explore?

You may proceed with the cost side. I will give you a few main heads under which the firm is spending. The major costs of the company are purchases of ed-tech products, salaries, customer support, marketing, depreciating, amortization and other costs. The cost in rupees crore is 750, 300, 50, 2000, 400 and 1500 respectively.

Head	Purchases of Ed Tech products	Salaries	Customer Support	Marketing	Depreciation & Amortization	Other Costs
Cost	750	300	50	2000	400	1500

I have prepared the above cost table according to the information provided by you. Would you like to add something?

No, it looks fine to me.

After looking at client's cost table, is it fair to assume that the marketing cost has been increasing in the past two quarters?

Yes, we have been struggling with that issue.

May I know the promotion channels that the company has inculcated?

The company mainly indulge in marketing through YouTube, TV Commercials, Facebook Ads and SEO. Following table showcases the spending and customer acquired through various platforms.

Platforms	Spending (in crores)	Customers
YouTube	300	60,000
TV Commercials	400	80,000
Facebook Ads	500	50,000
SEO	800	40,000

I have calculated the customer acquisition cost based on the information provided. Kindly have go through it and let me know if you would like to change something.

GET EM IN THE CLASS ! (2/3)

Transcript

Platforms	Spending (in crores)	Customers	CAC
YouTube	300	60,000	50,000
TV Commercials	400	80,000	50,000
Facebook Ads	500	50,000	100,000
SEO	800	40,000	100,000

It looks correct!

Secondly it can be inferred from the cost sheet that the company has a high proportion of its cost as other costs. May I know the major spending area under the head other cost.

Now-a-days, people are emphasising on offline learning for their children, therefore, to cater the market, Shiksha Darbar is introducing offline centers, which they occupy on rent. They are spending money to purchase equipments like, ACs, computers, projectors, etc. and furniture which can be placed in their classrooms. This is the main cost that they are incurring under the head other costs.

So, as the client is focussing on purchasing fixed assets, has the capital employed increased in the business?

Yes.

This means that the firm is employing more fixed capital in the business to earn the same amount of revenue. Isn't it?

Absolutely.

Is there any other type of cost that is increasing abnormally in the business for the past 2 quarters?

No, these are the only two costs that have been exponentially increasing.

Hence, according to me there are two primary reasons which are leading to decline in the profits of the firm:

- High CAC - Business Promotion
- Challenging Return on Capital Employed - Other costs

Great, lets conclude the interview. Thank you

Ok. Thank you

GET EM IN THE CLASS ! (3/3)

Framework

Case Facts

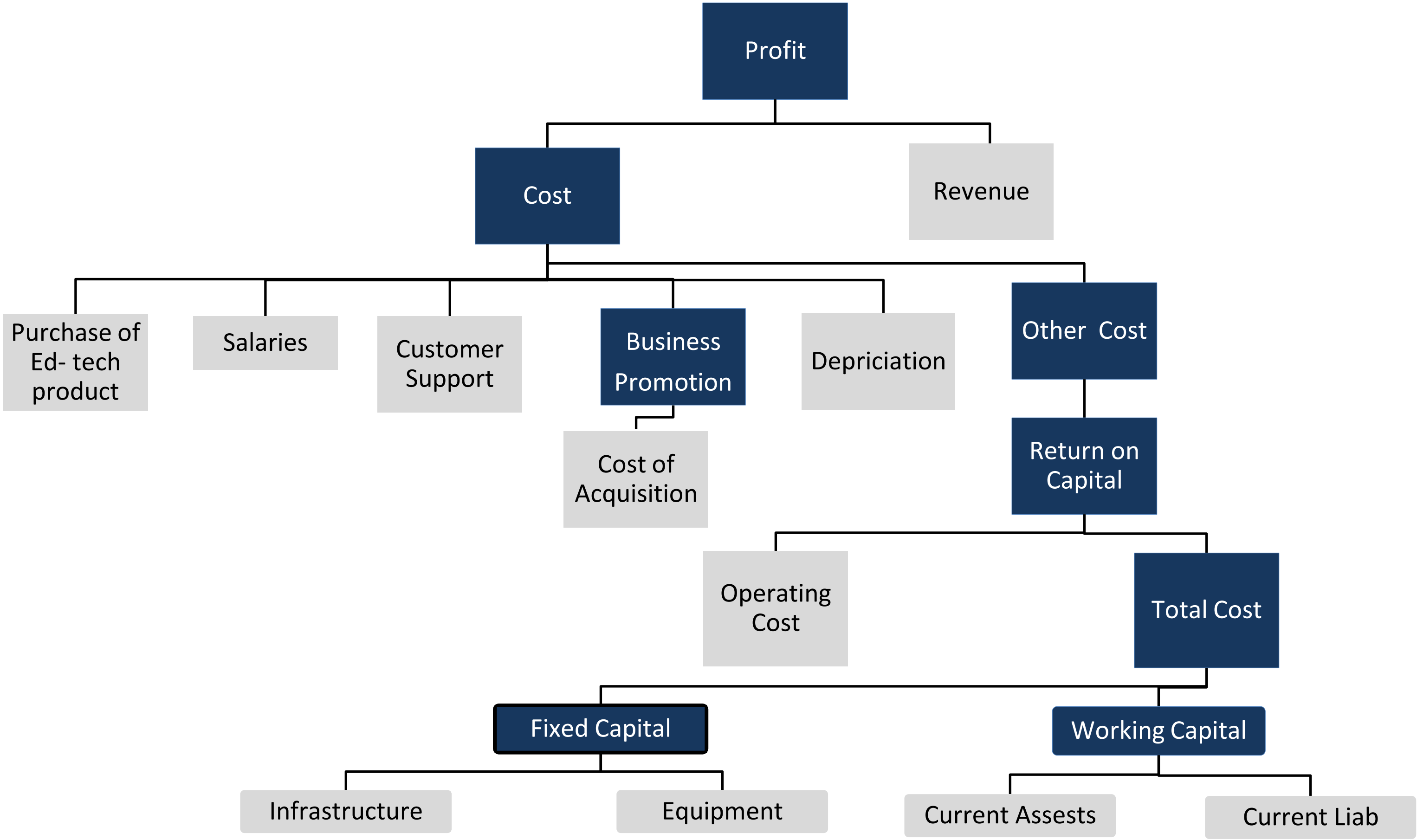
- **Largest Edtech company** of India for the past 5 years.
- **Main operation**: Provide educational resources for a subscription fee.
- Profits are **declining** for the past 2 quarters.
- Problem is specific to Shiksha Darbar

Recommendations

- The firm must focus on creating a **realistic pricing model** for the Indian markets to organically attract potential customers to their platforms and to **reduce the customer acquisition cost.**
- Shiksha Darbar must focus on proper **cash management** by not blocking their funds in fixed assets, instead, investing them lucratively were they can earn reasonable interest.
- They can hire **fixed assets on rent or lease** instead of purchasing them. In this manner, they can maintain their liquidity while earning interest and remaining profitable**.**

Brownie Points

- Identifying that leasing or renting is more beneficial .
- The case has a lot of numerical data, easily handling these numbers and presenting them in a structured way.



MARKET ENTRY/ GO TO MARKET STRATEGY CASES

A LA MODE (1/2)

Transcript

Indian clothing and footwear market is expected to reach $25.8 billion by 2025, says GlobalData. Your client is a foreign clothing brand who is looking to increase their market share by entering Indian market. Prepare a GTM strategy for them.

Alright, before delving into the analysis, I'd like to understand more about the company, its USP and the customer segment it wants to focus on. Where are its current operations, how is it performing and how long has the company been running for? Does the client outsource the products or is it dependent on in-house manufacturing and where are units located exactly?

The client is currently operational in Europe and has been running for a decade now and has a positive year-on-year growth in revenue. They serve men, women and children. Their products are in-line with the western trends yet very affordable as all the products range from $10-$30. The company manufactures the products in-house and has a fully functional manufacturing unit in Germany.

Okay. Just to clarify our company wants to enter the Indian market in the affordable segment, targeting men, women and children.

Yes, that is correct. Now I would like to understand your approach.

I will begin by analysing the Indian market attractiveness & the existing players in this segment.
As per my understanding, the dominant players in the affordable segment in the Indian market are characterised by the presence of brands from India's largest business houses, which will be direct competitors.

Okay. What next?

Having explored all the case facts, I would like to devise a strategy for the client.

Keeping in mind the Indian market, having a 'bricks and clicks' business model is suggested. Delving into offline sales channels and then having a long-term goal to sell online will be feasible as the former will allow first time consumers to touch and feel the quality of the product, ensure to pick the perfect size, boost their trust and may even allow impulse buying. After the offline sales are up and running, the online mode will help the brand to get more visibility of, customers buying behaviour, i.e., age, location, demographics and initial search terms. This can be used to lead optimisation effort and help the client sell more.

Sounds good! Go on.

Since India is an alien market the client wants to enter, it should capitalize on the ongoing hype for branded products in the Tier-1 cities-Delhi, Mumbai, Bengaluru & Kolkata. The pricing of the products appropriately fits the middle class, thus, we should explore them as our target segment. The client can consider setting up its stores in various Malls, Shopping Complexes and High Street Markets. To form a brand image and enter into the consumer's mind, the Company should rely on intensive Social Media Marketing apart from the traditional means of marketing.

Also, the client should invest into well functioning inventory management systems to keep up with the trends and developments in the taste and preferences of the Indian Consumer. A consistent and smooth cycle of renewal of items will aid in matching, the dynamic consumer demands and the growth pace of its rivals.

Sounds good. Thank you. The case may be concluded here.

Since the main manufacturing hub of the client is present in Germany, importing products will result in inflated cost of production and supply delays. Hence, our client can consider setting up a manufacturing unit in India along with exploring stores in Tier-2 cities to expand reach. In order to garner more attention, the client can later diversify its offerings into footwear, accessories etc.

Sounds good. Thank you. The case may be concluded here.

A LA MODE (2/2)

Framework

Case Facts

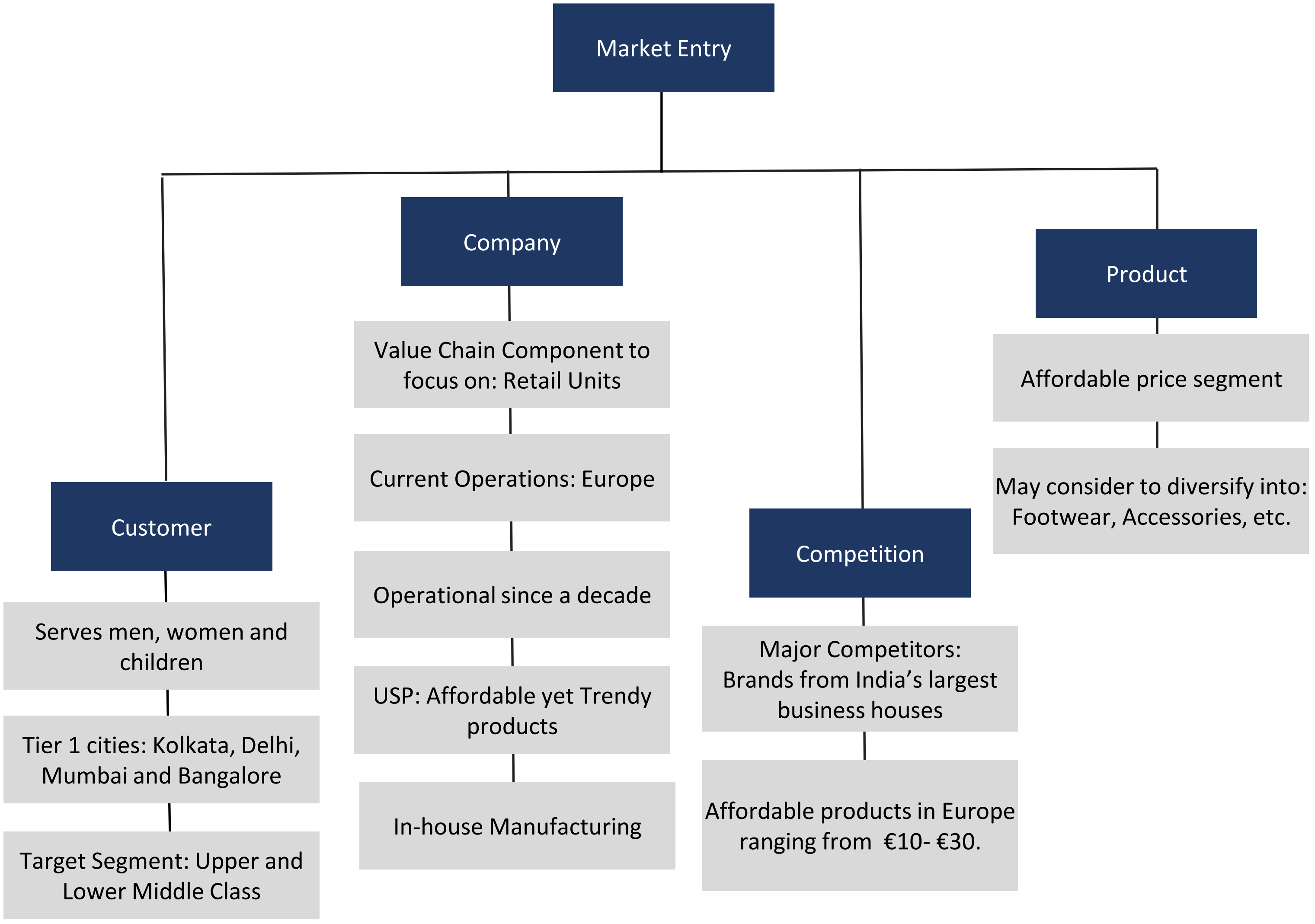
- Client has a foreign clothing brand.
- Currently operational in Europe.
- Products are in the affordable range for all, men, women & children.
- GTM strategy for entering into India.

Recommendations

- A 'bricks and clicks' business model is suggested.
- The Indian market is very price sensitive so sticking to the client's strength of affordable products is the way to go forward.
- Setting up a manufacturing unit in India along with exploring stores in Tier-2 cities to expand reach as importing products from Germany won't be feasible.
- the client can later diversify its offerings into footwear, accessories etc.

Brownie Points

- Since there is competition in this segment, client should focus on brand building through social media marketing.
- A detailed swot analysis will further help the client.



ONBOARD TO HOARD? (1/6)

Transcript

Your client is WholesaleCo (a big box retail chain) and it wants to enter India. They are considering entering the Indian market, and you have been hired to determine whether they should enter the Indian markets or not.

To clarify, the client is a big box retail chain, currently operating overseas and is currently planning to enter the Indian market and we have to advise them whether it will be favorable for them or not.

Yes, and in case it is favorable, also suggest a strategy to enter the Indian Market.

I would first like to learn more about the client and its overseas capabilities

WholesaleCo is an American multinational corporation which operates a chain of membership-only big-box retail stores. As of 2020, WholesaleCo was the third largest retailer in the world and has been in business for over 45 years.

Prior to estimating the target market WholesaleCo would be able to cater to in India, I would like to know the reason behind picking India by the client.

India has been chosen due to various positive factors including growing middle income population, increased consumerism, a price driven market and positive macroeconomic trends. You can now continue with your estimation of the Target Market for WholesaleCo

Considering that the Indian population is price sensitive and that WholesaleCo stores are generally located in urban areas, we can consider the people living in metropolitan and non metropolitan metro cities earning a monthly income of more than 20000 as our main target audience.

As people generally buy in bulk at wholesale shops such as WholesaleCo, people having a larger family size are more likely to go there and would also have a higher average order value.

The penetration rate of such a venture can be considered at 12% given the resources and brand image of WholesaleCo and lack of a consistent wholesale supply network by relatively smaller competitors.

This gives WholesaleCo a target population of 69 lakh people which would be visiting its stores once a month to buy goods every year imputing a target market of Rupees 1421 crores.

Yes, the target market is promising. What are the costs that you can identify which will have to be undertaken by WholesaleCo as it sets up in India?

I can think of some fixed costs that are rental lease payments, salaries, electricity, insurance, advertising; one time costs such as R&D costs, and some variable costs that include cost of goods sold, wages, transportation and warehousing costs.

We do have some data regarding some of the cost heads you mentioned and the revenue projections for the first year. Based on that I would like you to assess whether a shift to India will be economically viable for WholesaleCo or not.

Based on industry standards, I'd like to assume the revenue growth rate for WholesaleCo at 8%. Does this assumption seem fair to you?

Yes, you can continue with this assumption.

According to my calculations, assuming revenue growth rate at 8%, it shall break even in the third year and the company shall be profitable by the end of year 3. Therefore it will be economically viable for WholesaleCo to set up in India.

Thank you for that analysis, I'd further like to ask if WholesaleCo were to set up here, how would you define its value chain?

The primary activities of WholesaleCo can be categorized into

i) Inbound Logistics, which includes receiving shipment of products, storing inputs, cross-docking/depot;
ii) Operations, including testing, assembling, allocation of goods, packing and shipment to warehouse stores
iii) Outbound Logistics, including warehousing, scheduling, order processing, invoicing, transporting and delivery to destination
iv) Marketing and Sales, including sales force, advertising, pricing, promotional activities, channel selection, quoting, building relations with channel members
v) Services, which include special services for members, warranty services, installation services and post sales maintenance

Transcript

Secondary Activities can be categorized into

i) Human Resource Management which includes hiring, training and development, compensating, motivating and retaining

ii) Firm Infrastructure which includes general management, quality management, finance and accounting, legal services

iii) Procurement including buying connection with various manufacturers, negotiating prices, procedures, supplier qualification rules

iv) Technology Development, consisting of technology selection.

Who would you identify as Wholesale Co's main competitors and how can WholesaleCo keep a competitive edge over them?

Currently, retail chains such as Reliance Fresh, Best Price, Metro, Pantaloons etc. can be considered as its competitors. However, WholesaleCo can maintain a competitive edge through its membership program through which it can offer special discounts to its members and build customer loyalty. Further, given Wholesale Co's resources and brand value, it can build a network of well connected stores in areas of high footfall to remain a step ahead.

Could you also suggest some potential areas where WholesaleCo stores can be set up in India to maximize footfall?

Areas which are densely populated and not consisting of the upper class would be most preferable because they will mostly prefer ordering online. Further we can look for the areas where there is a rush, well connected with colleges and corporate offices, centrally located, has major metro stations for connectivity, near shopping and commercial hubs or even near airports. The main focus should be on nearby areas with a middle class population.

I believe that is satisfying. We can now summarize the case.

The Indian market is an economically promising one for WholesaleCo to enter into due to its growing customer demand and price sensitivity. The areas of entry such as Joint Venture, M&A or an organic entry can be further explored. It should start by leasing land in densely populated areas, containing rush, well connected with colleges and corporate offices, centrally located, containing major metro stations for connectivity, focusing more on nearby areas with middle class population and put great emphasis on its procurement costs, storage costs (warehousing, cross-docking), pricing and membership services in order to capture a good market share and ensure an efficient network of stores to enter the Indian market with.

Thank you, that was well summed up.

ONBOARD TO HOARD? (3/6)

Framework

Case Facts

- **Overview** - WholesaleCo is a US big box retail chain which wants to enter India
- **Geography** – Price sensitive consumer market with a growing urban population and a target market of Rs 1421 crore
- **Customers** – Urban Population having a monthly income of more than Rs 20000

Recommendations

- WholesaleCo can maintain **a competitive edge** through its **membership program** through which it can offer special discounts to its members and **build customer loyalty.**
- It can build a network of well connected stores in areas of high footfall to remain a step ahead.
- It should put great emphasis on its procurement costs, storage costs (warehousing, cross-docking), pricing and membership services in order to capture a good market share
- The areas of entry such as Joint Venture, M&A or an organic entry can be further explored.

Brownie Points

- Targeting **metropolitan urban population** having monthly income of Rs 20000
- **Leasing land** and **acquiring a small wholesale company**
- **Set up** of its own supply chain
- Targeting **well connected and centrally located** areas

Market Entry

- **Market Attractiveness**
  - Revenue Growth Rate 8%
  - Addressable Market Rs. 142 billion
  - Industry average Profit margin 2.5%
- **Customer**
  - Families having avg income >Rs. 20,000
  - Target Market: - Urban population
- **Competition**
  - Retail chains (Reliance Fresh, Best price. Etc.)
- **Company**
  - Value Chain Analysis
  - Financial Analysis (Break-even point) 3rd year

Case Analysis

1. Analyse client's problem
2. Understand target market
3. Determine cost feasibility
4. Devise a strategy for entering the market

How to Enter

- **Organic**
  - Leasing Land & setting up its own supply chain
- **Inorganic**
  - Acquisition
  - Merger
  - Joint Venture

ONBOARD TO HOARD? (4/6)

Guesstimate

Population(1300000000)

Urban(30%)

Metropolitan(40%)

	High	Upper Middle	Lower Middle	Low
Monthly Income	>80000	50000-80000	20000-50000	<20000
	15%	45%	30%	10%
Reliability	High	Upper Middle	Lower Middle	
	50%	30%	20%	
Average Family Size	6 members	4 members	2 members	
	15%	50%	35%	
Likelihood to Purchase	80%	60%	30%	

Non- Metropolitan(60%)

	High	Upper Middle	Lower Middle	Low
Monthly Income	>80000	50000-80000	20000-50000	<20000
	10%	40%	35%	15%
Reliability	High	Upper Middle	Lower Middle	
	40%	25%	15%	
Average Family Size	6 members	4 members	2 members	
	30%	50%	20%	
Likelihood to Purchase	80%	60%	30%	

Assumptions

- Since it is a "members only" hence it does not really cater to the low income group.
- Indians don't trust new brands easily and get an annual membership. Hence the reliability filter is included.
- India is a price driven market and frequency of purchase is taken once every month.
- Likelihood to purchase has been added as a filter as WholesaleCo deals in wholesale goods and more population due to increased population density in metropolitan cities

Scan the QR Code to access the Guesstimate Spreadsheet

ONBOARD TO HOARD? (5/6)

Guesstimate

Penetration Rate	12%					
Members demographics	15%	50%	35%	30%	50%	20%
Average order Value	3000	1800	1200	2500	1500	1000
Purchase Frequency(year)	12					
WholesaleCo (Total Market)	**Rs 142,145,902,080**					

Assumptions

- Since it is a "members only" hence it does not really cater to the low income group.
- Indians don't trust new brands easily and get an annual membership. Hence the reliability filter is included.
- India is a price driven market and frequency of purchase is taken once every month.
- Likelihood to purchase has been added as a filter as WholesaleCo deals in wholesale goods and more population due to increased population density in metropolitan cities

Scan the QR Code to access the Guesstimate Spreadsheet

Financials

Information About WholesaleCo-

- Since the company is just starting out its business in India, it plans on taking land & building, machinery and some equipment's for its warehouse store on lease.
- However, the company will have to make some investment for office set up, etc. which shall amount to Rs. 150000000
- Revenue for the first year is estimated at around Rs. 600 million, but is expected to increase every subsequent year.
- Overhead costs estimated to be Rs. 200000000 per year, direct costs estimated to be 60% of revenue.

Calculation of revenue growth rate			
	Year 1	Year 2	Year 3
Revenue	600,000,000	648,000,000	699,840,000
Capital Investment	(150,000,000)	0	0
Direct Costs	(360,000,000)	(388,800,000)	(419,904,000)
Overhead Costs	(200,000,000)	(200,000,000)	(200,000,000)
Loss for last year	-	(110,000,000)	(50,800,000)
	(110,000,000)	(50,800,000)	29,136,000
Revenue growth= 8%			

SWIPE RIGHT (1/2)

Transcript

Datify is the 3rd most used dating app in the USA and is planning to enter the Indian markets. However, Datify is not a simple dating application, it is an app which matches people on the basis of the memes they like and share. Devise a strategy for its entry into the Indian markets

Before coming to the strategy, I would like to analyze - the client, the competitors and Indian market for dating apps. How long has the client been in business? Where else is this application used other than the USA and what is the market share in other countries?

Fair enough. The client has been in the business for 3 years now. It is also used in Canada and UK, 4th most used in Canada and 5th most used in the UK.

What is the revenue model of the client? Apart from the meme inclusion, what other USP does the client have? For the competitors in the industry, do their application offer such unique features?

The client uses a subscription based model. The app has a direct collaboration with Instagram, Facebook and Twitter which ensures that the content is timely updated. The app also has a 5 step identity check in place to ensure that only genuine people use the application and the users are secured from any harassment. To ensure the maximum convenience and support, the app also provides 24/7 chat support for its users. The app is unique in terms of the meme aspect but there are several dating applications already available in the market offering different features.

Understood. Now I would like to understand the Indian market for dating applications. Are the apps used in Indian market working on a subscription based model? Is their any application that offers interest specific features?

No, most of the dating applications use a freemium subscription model, providing few special benefits to paid users. Currently, no application is offering interest specific features.

Alright. Having noted the facts of the case, I would now move ahead with the strategy to enter the Indian market. I will follow 3 steps to devise this strategy - first, identifying the target market and its demographics, second, channels to reach out to the target audience and lastly the growth recommendations to suit the Indian market.

Sounds good, go on.

In India, the target audience will be population in 18-30 years age bracket including teenagers and young adults looking for love interests. This set of population is also very active on social media and thus stays up to date with the memes and trends. This population is mostly school/ college going or young office goers and are intrigued by new-age apps in this category.

Sounds good, what are the possible ways to penetrate the target audience according to you?

Now, the channels to reach this audience would be social media - Instagram, Facebook, Twitter etc., university and college campuses, social events like food festivals, concerts etc. For social media, apart for advertisements, influencer marketing can be done. University and College Ambassador programs can be initiated to create popularity and register more users. Sponsorship collaborations in the college fests, food and music fests and other social events can be done for promotions. This would help the application gain recognition amongst our target audience.

Can you suggest some features for the application to enhance the user experience?

For getting more users onboard, some more features can be added in the application. These can include more interest filters like food, music, tv shows and movies, sports etc. In-App games can be introduced which the users can play with their prospective partners. Such features will make the app more interactive and ensure a better traction and help us position our product better than the competitors.

Thank you for discussing your approach. The case can be concluded here.

SWIPE RIGHT (2/2)

Framework

Case Facts

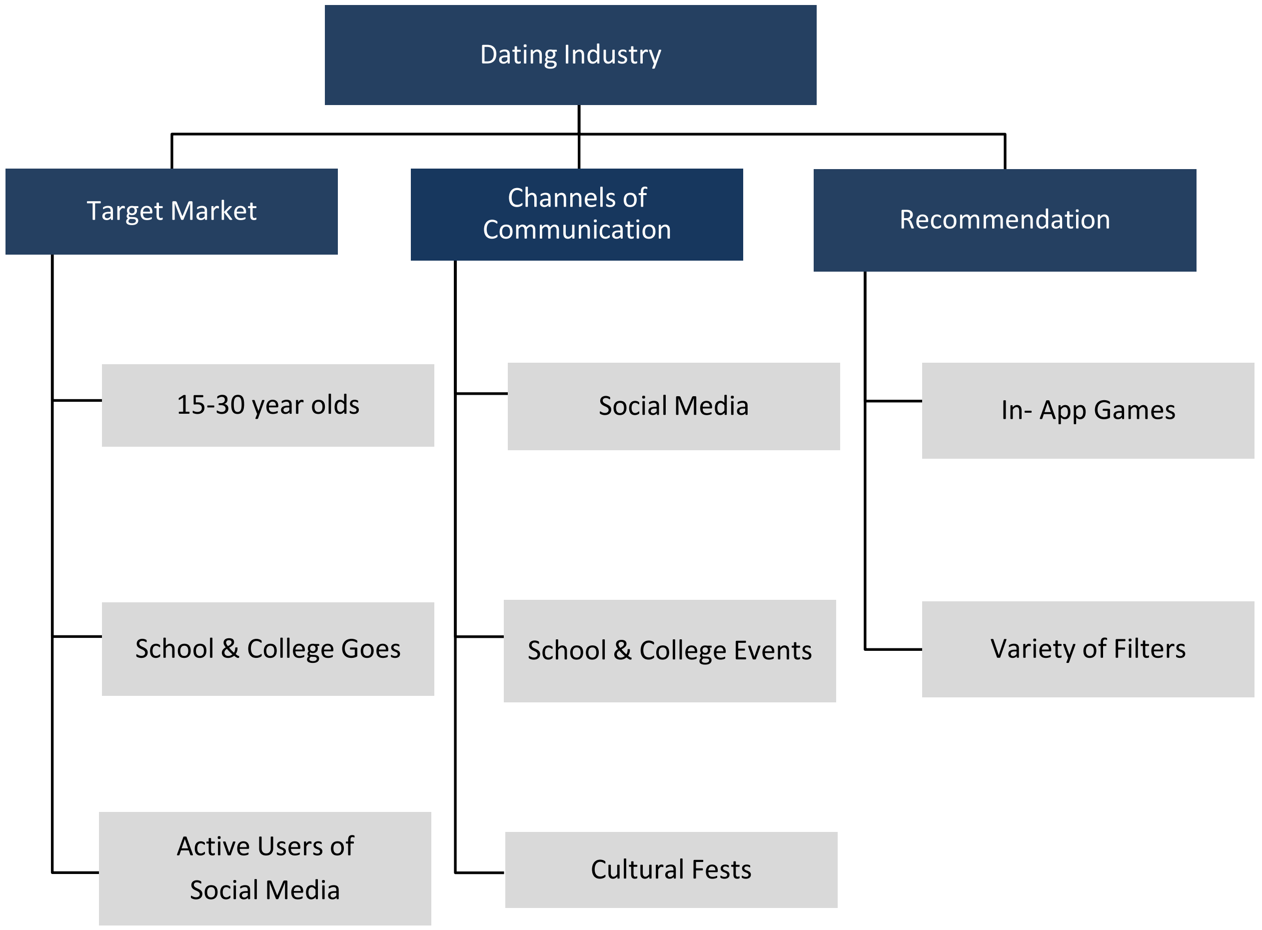
- Client has a **meme-theme dating app**.
- **Multiple security checks** for onboarding
- **Partnership** with Instagram, Facebook and twitter for updated content.
- Is currently operational in **US, Canada, and UK**.

Recommendations

- Opting for **organic entry** to capture the Indian market.
- Altering the **content** and **filters** according to Indian tastes
- Targeting **school college** and millennial population.
- **Collaborations** for marketing and sponsorship with pop fests, cultural fests, startups etc.
- Digital marketing, influencer marketing etc.

Brownie Points

- The app can also be suggested to organize real-life meetups such as speed-dating events



LET US RAISE! (1/5)

Transcript

Your client is an online fundraising platform. They want to increase tie-ups with NGOs, SHGs, and big businesses. Examine the problem and provide recommendations.

Alright, I would like to understand the client a little better.

- Does this platform cater to a particular cause or is open to all social issues?
- When did the online fundraising platform start?
- Are there any previous tie-ups with NGOs, SHGs or businesses?
- Our main revenue source?

The platform is opening to all kinds of social causes. It is functional from 2020.
There has been a tie-up with an NGO for 6 months and an SHG for 14 months.
The main revenue source is 1-2% of the donations made and the revenue from advertisements.

Understood. Are the scale of operations limited to a specific area or do they cover the entire country? Also, do we accept donations internationally? Do we take the covid period into consideration while proceeding with the case? Were the tie-ups done at overlapping durations or was there any time interval?

The scale of operations is PAN India and no, the donations are not accepted internationally. No need to put emphasis on covid period while proceeding with the case. Tie-ups were done at overlapping durations.

Before I begin with my analysis, I would like to clarify my client's objective: do they want to increase their number of collaborations and improve credibility?

Yes, that is right.

To increase the number of collaborations, I would first begin to understand which are the most common causes which are funded on the platform. That will filter out the organizations with which we can target to collaborate. In India, according to me the common fundraisers are for causes related to health and medical expenses, education, animal rights, and child welfare.

The aforementioned causes are correct. But the most popular cause is medical treatments and expenses.

Alright, since we know the most popular cause, we should be targeting the organizations that align with this respective cause

Fair enough. What kind of organizations do you think would be interested in health-related causes and how would you identify them?

NGOs, SHGs, and NPOs working towards health causes or providing medical benefits would deem fit for such collaborations. To ensure that the chosen organization would have a system in check, that would monitor their community interaction, their allocation of funds, their impact metrics - like the number of people on board, medical professionals on board, etc. Big businesses like corporate hospital chains - Medanta, Apollo, and Max Healthcare would be open to collaborating as a part of their CSR initiatives.

How would a fundraising platform fit in the CSR initiative of these organizations?

A fundraising platform wherein the majority of the donations are for healthcare expenses/needs would be a viable fit for the CSR initiatives which mainly focus on pro bono services and spreading awareness about disease prevention and cure.

How about you estimate the total revenue that can be generated from the platform donations and the tie-ups?

Okay sure. To estimate the total revenue that can be generated from the donation platform, I would begin by calculating the total number of possible donors in India. For this, I would filter the population of India (130cr) using the urban-rural divide - 35 and 65%. I won't be taking the rural population into consideration due to resource limitations. Now for the urban population, I will divide the population on the basis of age groups. Now I will further take the income divide to calculate the population that is eligible to donate. People in the age group 0-18 and 60+ will not be considered as usually they don't have any regular source of income and hence might not consider donating.

This would give the Total Addressable Market (TAM) for this industry.

Further, I would take into account the different methods that are used to convince people to donate on various platforms. These include - in-person persuasion, social media, non-video media, video media, and cause-oriented websites. Now assuming that a certain percentage of the TAM will be covered under the purview of each method, like 30% of the people will be reached out to via persuasion, 20% by the website, and so on.

Then a conversion rate can be taken for each of the methods, using which I would arrive at the total number of people who actually donate.

Transcript

How will you come up with a conversion rate for all these different methods?

We'll have to keep in mind any normal customer reaction to all these methods as the basis for coming up with a conversion rate. The method which directly makes an impact on the customer will have the maximum conversion rate, similarly a video based method which appeals to him/her will also have relatively high conversion rate, as compared to a non-video method. The website is the primary source of awareness, so trust factor will play a role and eventually lead to a good conversion rate.

Okay, then according to you which of the methods you stated above would have the highest conversion rate?

As per my understanding, the highest conversion rate will be out of persuasion, i.e. 50% because mostly when people talk to others about the causes, they are urged to donate.

Fair enough, you can continue with the guesstimate.

I will also consider the frequency of donations. The most common frequency will be once a year and the least common is 6 times a year. The majority of the population will be donating once a year and a small proportion - about 10% - will be donating on the highest frequency - 6 times a year. Using the frequency, we will be able to obtain the total number of donations made. Further, to calculate the total amount of the donations, we will differentiate the donation size - Rs 100, 200, 500, 1000, etc. We can distribute the number of donations as per the ticket size, like 30% of donations are of Rs 100 and 10% are of 2000 to arrive at the total donation amount. Further assuming that of the total donations received, 15% would be our market share, we arrive at the total donations for our platform. Then the funds received from partnerships and tie-ups are also added to calculate the total funds raised. 1-2% of this would be our total revenue.

That's a good approach. I think we have come to the end of this case.

Thank you.

LET US RAISE! (3/5)

Framework

Case Facts

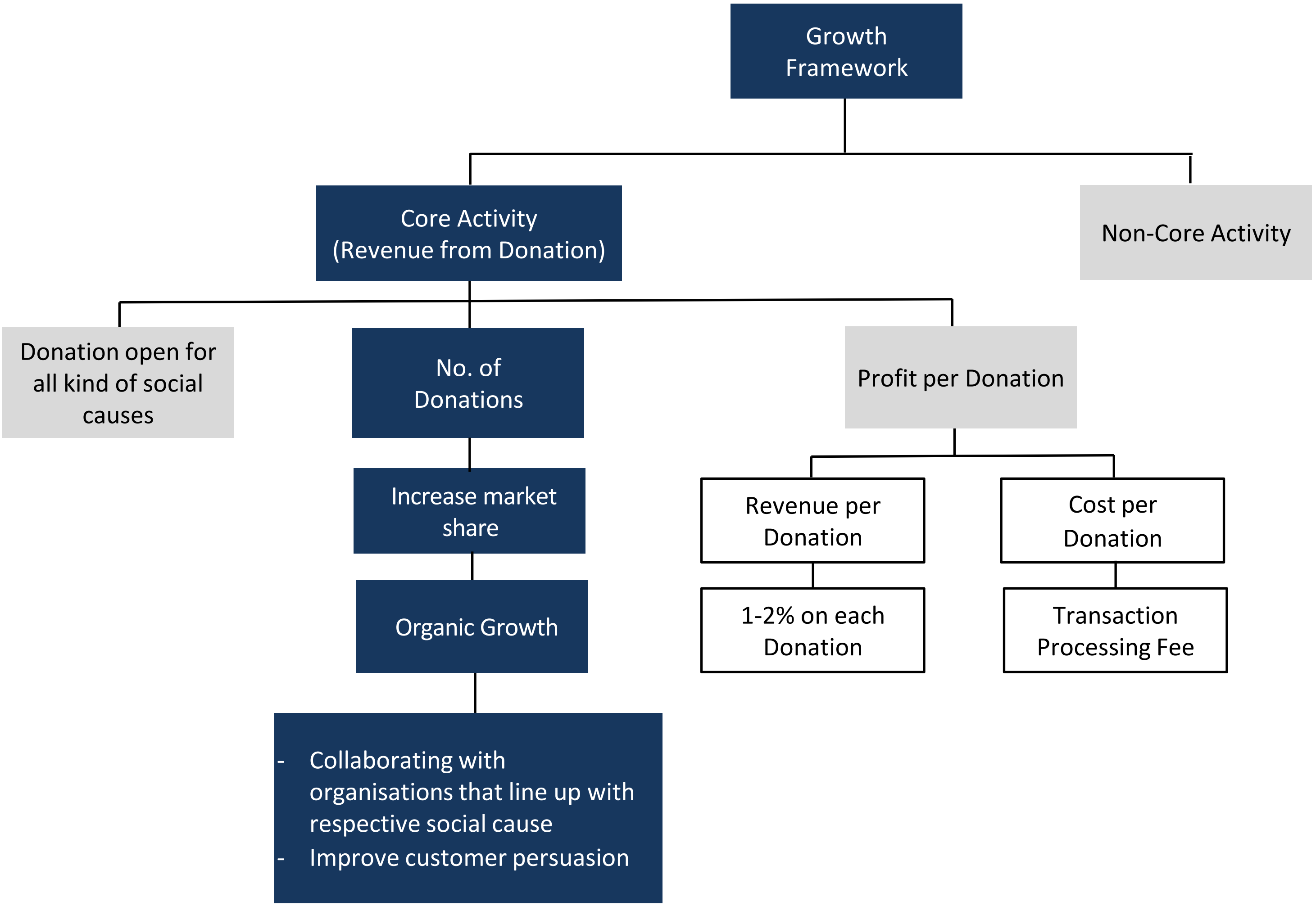
- An **online fundraising platform**, that is open to all kinds of **social causes,** functional from 2020.
- Ongoing tie-ups with an NGO for 6 months and an SHG for 14 months.
- Main revenue source- **1-2% of donations** made & revenue from **advertisements.**
- **Objective to increase the tie-ups** with NGOs, SHGs, and big businesses.

Recommendations

- **Collaborating** with organisations that line up with respective social cause
- Improve **customer persuasion**

Brownie Points

- Understanding the most popular **cause for fundraising**
- Narrowing down to realize that **highest rate of conversion** for donations happen through persuasion



LET US RAISE! (4/5)

Guesstimate

Total Population (130 Crore)

- Urban: 40% | 52 Cr.
- Rural: 60% | 78 Cr.

Age Wise Distribution	0-18 (25%)	18-24 (15%)	24-60 (50%)	60+ (10%)		
	13 cr	**7.8 cr**	**26 cr**	5.2 cr	**33.8 cr**	
Income Wise Distribution	Above 10 lakh (15%)	5 lakh- 10 lakh (25%)	2.5 lakh- 5 lakh (30%)	<2.5 lakh (30%)		
	5.07 cr	**8.45 cr**	10.14 cr	10.14 cr	**13.52 cr**	
Capability to Donate	Persuasion (30%)	Social Media (25%)	Non Video (10%)	Video (15%)	Website (20%)	
	4.06 cr	**3.38 cr**	**1.35 cr**	**2.03 cr**	**2.70 cr**	
Conversion Rate	50%	40%	10%	30%	30%	
	2.03 cr	1.35 cr	0.14 cr	0.61 cr	0.81 cr	**4.93 cr**
Frequency	6 (5%)	4 (10%)	3 (15%)	2 (30%)	1 (40%)	
	6*5%*4.93	4*10%*4.93	3*15%*4.93	2*30%*4.93	1*40%*4.93	
	1.48 cr	1.97 cr	2.22 cr	2.96 cr	1.97 cr	**10.61 cr**
Amount of Donation by Individual Donors	2000 (10%)	1000 (15%)	750 (20%)	500 (25%)	100 (30%)	
	2000*10%*10.61	1000*15%*10.61	750*20%*10.61	500*25%*10.61	100*30%*10.61	
	2122 cr	1591 cr	1591 cr	1326 cr	318 cr	**6949 cr**

Assumptions

- Population of India – 1.4 billion. No of active internet users – 700 million
- Considering rural, only Rural Upper Class will think about online donation.
- People donating belong to Age group 15+.
- Assuming People between 18-60 are financially active/capable to make a payment.
- Our platform penetration is a bit low, considering it is a comparatively new platform.

Scan the QR Code to access the Guesstimate Spreadsheet

LET US RAISE! (5/5)

Guesstimate

Penetration Rate	Our Platform (15%)	Other Platforms (85%)
	15%*6949	85%*6949
	1042.41 cr	5907.02 cr

Collaborations

Sources	Corporates	NGO	Sponsors	Advertisements	SHGs/NPOs	
No. of Collaborations	0	1	0	5	1	
Amount per Collaborations	50 cr	1.5 cr	2 cr	0.5 cr	1 cr	
Total	**0 cr**	**1.5 cr**	**0 cr**	**2.5 cr**	**1 cr**	**5 cr**

Total funds raised	1042.41 + 5	**1,047.41 Crore**

Causes of Fundraising

Causes	Medical	Education	Child Welfare	Animals	Others
As % of total Donation	40%	25%	15%	10%	10%
Donation (In crore)	419	262	157	105	105

Assumptions

- Population of India – 1.4 billion. No of active internet users – 700 million
- Considering rural, only Rural Upper Class will think about online donation.
- People donating belong to Age group 15+.
- Assuming People between 18-60 are financially active/capable to make a payment.
- Our platform penetration is a bit low, considering it is a comparatively new platform.

Scan the QR Code to access the Guesstimate Spreadsheet

PEDAL ON THE SADDLE (1/5)

Transcript

You have been hired as a research associate in a management consulting firm and your client is a cycle manufacturer who wants to enter the electronic cycle segment. How would you advise them? You can start with any preliminary questions that you might have.

I believe this is a growing segment, but first I'd like to know, are we talking about the Indian markets?

Yes, Indian markets are to be taken into consideration for this market entry.

In that case, the Indian market is a fairly attractive market, given the thrust being received from the government, in terms of support for electric vehicles, as well as the growing realization & responsibility of people towards the environment. Though I believe the product's price range limits its market, I'd still like to confirm, what is the price of our bikes.

I'd like to ask some questions about the company, to be able to define an approach. What is the scale our client operates on, how has the growth been in the past few years and what kind of bicycles do they manufacture?

It is a large-scale company, with its cycles being sold pan India, their growth has been healthy, and they have been achieving the target growth rate of 15% each year. They manufacture an array of cycles, ranging from BMX Bikes to road bikes, mountain bikes, kids bikes, and cycles too. And the price of the bikes ranges from Rs. 15,000 for kids to Rs. 35,000 for adults.

So will it be safe to assume we are offering our cycles at a premium pricing. Also, as you mentioned the company has a variety of SKUs, is it primarily due to the variety, that they are achieving target growth rates? Or is this backed by a reduction in production costs and increased discounts and marketing expenditure?

Yes, the pricing of the cycles is premium. And, they have their manufacturing facility in India, discounts are given only during the festive season, and a decent level of marketing activity is undertaken to maintain brand equity.

Okay, so based on the facts given, it can be believed their success at achieving the target growth rate is because of multiple factors. Few of the ones I've been able to identify are, in- house manufacturing facilities, strong brand value, and the ability to timely study the market, execute and launch diverse products.

Yes, quite an accurate analysis, now I would like to know your approach.

Okay, I would like to begin by judging the market attractiveness, and customers, followed by the competition scenario and various barriers to entry.

Okay, so I would like you to begin by judging the market attractiveness, by estimating the market size of E-Cycles in India.

So I'll begin by dividing the Urban and Rural populations in a 30-70 split, and I will be going forward with only the urban population, for the rest of my considerations. Assuming an average family size of 3, the urban areas can be said to have 14 crores families.

Why are you only going ahead with families?

I am assuming that, in the initial period, owing to the low volumes and the high cost of integrating battery packs, the cost of e-cycles will be higher, as a result of which we cannot expect to sell multiple cycles to a single family. Taking a conservative approach, each family will have only 1 E-cycle.

Ok go ahead

I will be further dividing the families according to their income, and taking a 5:3:2 division, 30% of the population will be earning between 2.5-5, and 20% above 5. Our target market will be families with an income of more than 2.5 lacs p.a, which are around 6 Crores.
I will be further dividing these according to the purpose of the purchase, into leisure and transport. 1 in 40 people in the target market will buy it for leisure purposes, while the rest will buy it for transport purposes.

Going ahead, we can divide the people according to their current transport usage, and take a percentage of each type, which can be substituted by e-cycle. A higher percentage of 2 and 3 wheelers can be substituted by the use of e-cycles. Estimating the market size of cycles to be Rs.35,000 the market size can be pegged at Rs. 29,037 crores.

Now should I also delve into calculating the market share, the contribution per user, or the fixed costs involved?

Transcript

No we can skip that part, you please go ahead and explain the other factors involved

Now coming on to the competition scenario. Our company may face competition on the back of cheaper imports from China. Our company is one of the first movers, from amongst the Indian players, and in order to be able to create this category, they will have to undertake heavy marketing expenditure as well as use penetration pricing strategies. Owing to our efforts, once this category is well known, the competition might as well launch their products, thereby increasing competition.

Alright, what according to you are the barriers to entry in this industry?

I'd like to answer this by using a value chain approach.

First the R&D department - Here the knowledge and inexperience gap will pose a major challenge. Then production- like battery bursting issues, high fixed cost, environmental concerns from lithium. Then marketing-Since it's a new product so a lot of market building exercise will be required which make the marketing expensive. Distribution- Since electric bikes are expensive and might require technical expertise with distributors might cause a retaliation with them to hold inventory of the product.

How would you suggest they tackle this barrier to entry?

For them to be able to overcome this, I would suggest that they begin with purchasing/ outsourcing battery manufacturing at the initial stage. Once the product demand picks up and the volumes have risen, they can go ahead and begin manufacturing batteries. However, this decision should be purely based on costs from both sources.

Okay, do you have any recommendations for the company?

Yes, while the company plans to enter this market, this will be slow to develop, owing to multiple factors, the major ones being the cost of e-cycles. I would suggest the company to keep focusing and innovating its star products in the meanwhile. Another focus would be to rationalize its many SKUs and focus on a few segments.

Good. Thank you very much for your time.

PEDAL ON THE SADDLE (3/5)

Framework

Case Facts

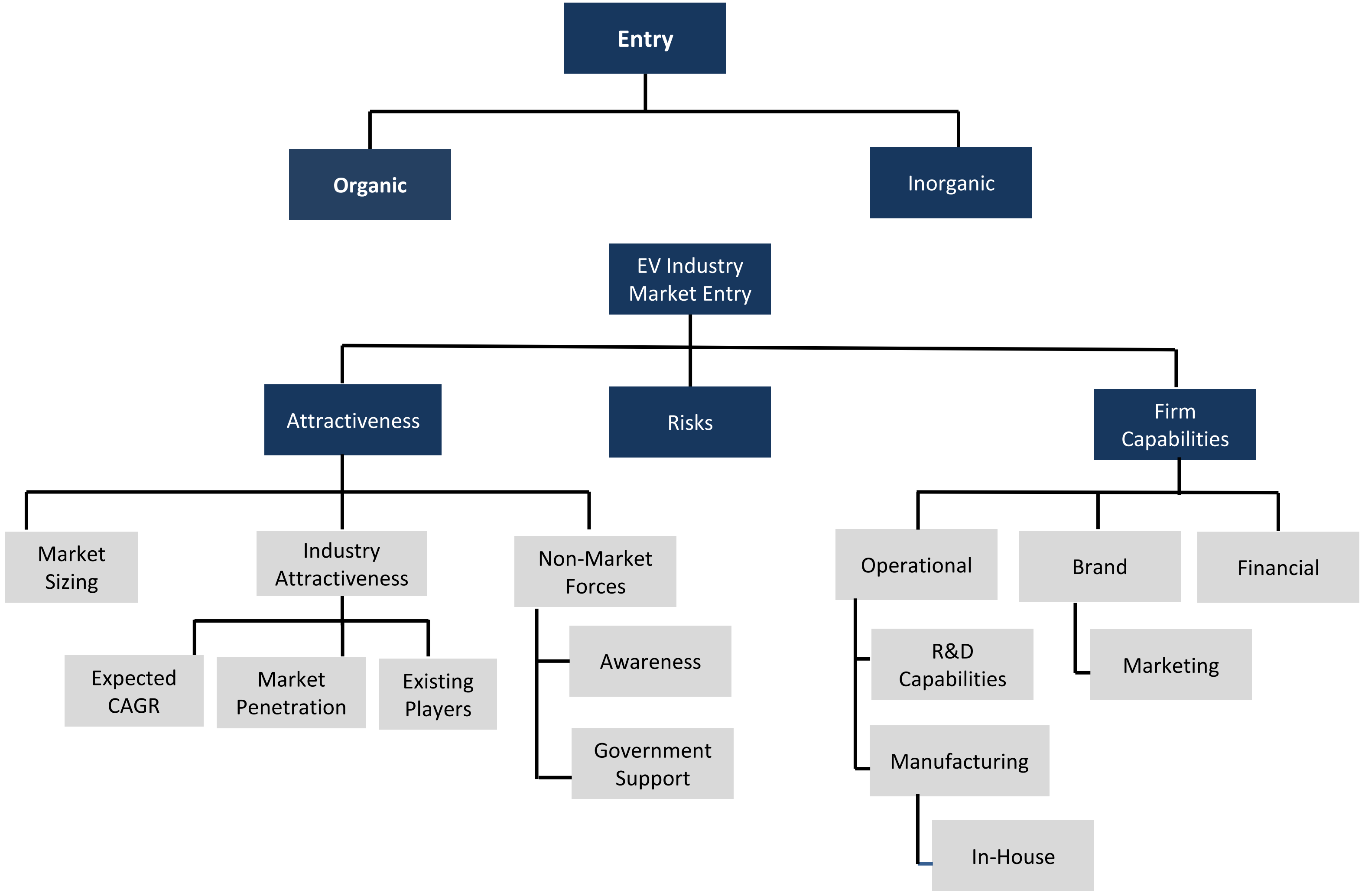
- **Overview** – Cycle manufacturer wants to enter E-Cycles Market
- **Industry Scenario** – Holds a sizable market share in the cycles market.

Recommendations

- The existing distribution and sales network can be utilized for the E-Cycles.
- Looking into the R&D capabilities of the firm
- Create a supplier network to source components for the E-Cycles

Brownie Points

- Create a supplier network to source the required components.
- Estimating the cost of a cycle plant



PEDAL ON THE SADDLE (4/5)

Guesstimate

Total Population = 1200000000

Age Group	3-16	17-40	40+
%	50%	30%	20%
Total	600000000	360000000	240000000
Income Brackets	< 5 lakh = 50%	5 - 15 lakh = 30%	5 - 15 lakh = 30%
< 5 lakh	300000000	180000000	120000000
5-15 lakh	180000000	108000000	72000000
> 15 lakh	120000000	72000000	48000000

Number of people willing or required to buy a cycle

Age Group			
3-16	90%	50%	20%
	108000000	90000000	60000000
	Total 258000000		
17-40	40%	20%	20%
	28800000	21600000	36000000
	Total 86400000		
40+	10%	5%	5%
	4800000	3600000	6000000
	Total 14400000		

Assumptions

- The population of India is assumed to be 120 crores.
- Children will possess more cycles for commute and leisure purposes
- Adults who are eligible to ride will possess a lower number of cycles due to their main purpose being fitness and commute to work.
- Richer classes have cycles mainly for fitness but as we lower, the need for cycles as a mode of commute becomes more apparent.
- Adults belonging to a higher age group and senior citizens also possess cycles mainly for fitness (for richer classes) and for the commute (for lower classes).

Scan the QR Code to access the Guesstimate Spreadsheet

PEDAL ON THE SADDLE (5/5)

Guesstimate

	3-16				17-40				40+			
Kind of bike	>15 lakh	5-15 lakh	<5 lakh		>15 lakh	5-15 lakh	<5 lakh		>15 lakh	5-15 lakh	<5 lakh	
Road Bike	20%	50%	30%		40%	50%	65%		60%	70%	70%	
	21600000	22500000	18000000	62100000	11520000	10800000	23400000	45720000	2880000	2520000	4200000	9600000
Mountain Bikes	20%	15%	10%		20%	15%	10%		12%	15%	10%	
	21600000	13500000	6000000	41100000	5760000	3240000	3600000	12600000	576000	540000	600000	1716000
BMX Bikes	15%	12%	10%		12%	7%	5%		4%	3%	3%	
	16200000	10800000	6000000	6000000	3456000	1512000	1800000	6768000	192000	108000	180000	480000
Kid's Bikes	50%	45%	30%		1%	1%	1%		1%	1%	1%	
	54000000	40500000	18000000	112500000	288000	216000	360000	864000	48000	36000	60000	144000
E-Cycles	15%	5%	1%		30%	15%	1%		40%	25%	1%	
	16200000	4500000	600000	21300000	1440000	540000	60000	2040000	1920000	900000	60000	2880000

TOTAL MARKET SIZE OF E-CYLES IN INDIA = 26220000

Assumptions

- The population of India is assumed to be 120 crores.
- Children will possess more cycles for commute and leisure purposes
- Adults who are eligible to ride will possess a lower number of cycles due to their main purpose being fitness and commute to work.
- Richer classes have cycles mainly for fitness but as we lower, the need for cycles as a mode of commute becomes more apparent.
- Adults belonging to a higher age group and senior citizens also possess cycles mainly for fitness (for richer classes) and for the commute (for lower classes).

Scan the QR Code to access the Guesstimate Spreadsheet

PRETTY MADE UP (1/2)

Growth | Diversification

Transcript

Your client A is a Makeup brand that is finding itself competing with Brand B selling its products on A's online platform and dominating the market. What will be your suggestion to A?

So our client is A and the case objective is to increase their sales. Do I understand it correctly?

Yes our focus will be on building a strategy for A.

So has B been dominating the market since the start or is it a recent trend? If recent, how recently has it happened?

Sales of Brand B have shot up in the past 9 months via A's website.

Are there any other significant competitors for our client apart from B?

Amongst the ones selling on A's website, only B owns a larger market share than A. The rest of the brands can be ignored.

Alright and Is there a significant difference when it comes to the quality and price when comparing the two brands?

The two brands have almost similar prices, but because of the robust marketing strategy, Brand B has been able to build a solid brand image which has helped it to penetrate in the market effectively.

Have there been new product lines or schemes launched by B that might have affected the popularity of the brand? And also what are the geographical locations wherein brand A operates currently?

No, only the marketing efforts by Brand B have created a better image in the market which has increased their conversion as well as retention rate. The products sold on A's website are eligible for delivery in the 4 metropolitan cities across the country currently.

What are the products listed on A's website for its own brand and Brand B?

Both brands deal exclusively in makeup categories. Brand A offers makeup sets and combos, tools, lips, eyes, skin, hair, eyes and face. While the sub-categories under brand B are nails, lips, eyes, face and brushes and tools and appliances.

Since B has already explored the marketing route for growth & expansion, so in addition to focus on marketing, I'd suggest our client to also focus on other aspects which might assure enhanced & sustained growth. This can be done by geographical as well as product expansion by Brand A.

Sounds good to me, how are you planning to go ahead with this.

Alright. The options we have for Brand A to boost its growth are Market Penetration (increasing sales of existing products into an existing market), Market Development (selling existing products into new markets), or Diversification (entering a new market with altogether new products).
In my opinion, the most viable option for us is Diversification.

What is the reason for this choice?

A is facing competition in the existing market mainly by B, this customer segment is already aware of A's product range and its quality as compared to other brands. Since there is immense scope in the beauty industry & I believe a gap still exists for men's grooming products in the market, hence A should capitalize on this & become a major player by tapping this unexplored market base. Also, its current product range is limited, so offering a new line altogether will serve well.

Fair enough. Elaborate on the strategy.

So we will be looking at both geographical expansion and product diversification.
Under geographical expansion we look to target other Tier 1 cities to cater to a larger potential customer base who are willing and are able to purchase, bridging the gap of demand and supply.
And since A and B both have only been offering products in the makeup segment catering majorly to women, makeup artists and other enthusiasts. 'A' can take the opportunity of entering the market for Men's grooming, Women's grooming and Baby care.

Great. Is there anything else you would like to add?

Brand A can benefit from the existing synergies and would not require any significant R&D investment rather it will allow existing products to leverage new markets.

Sounds good. Thank you!

PRETTY MADE UP (2/2)

Framework

Case Facts

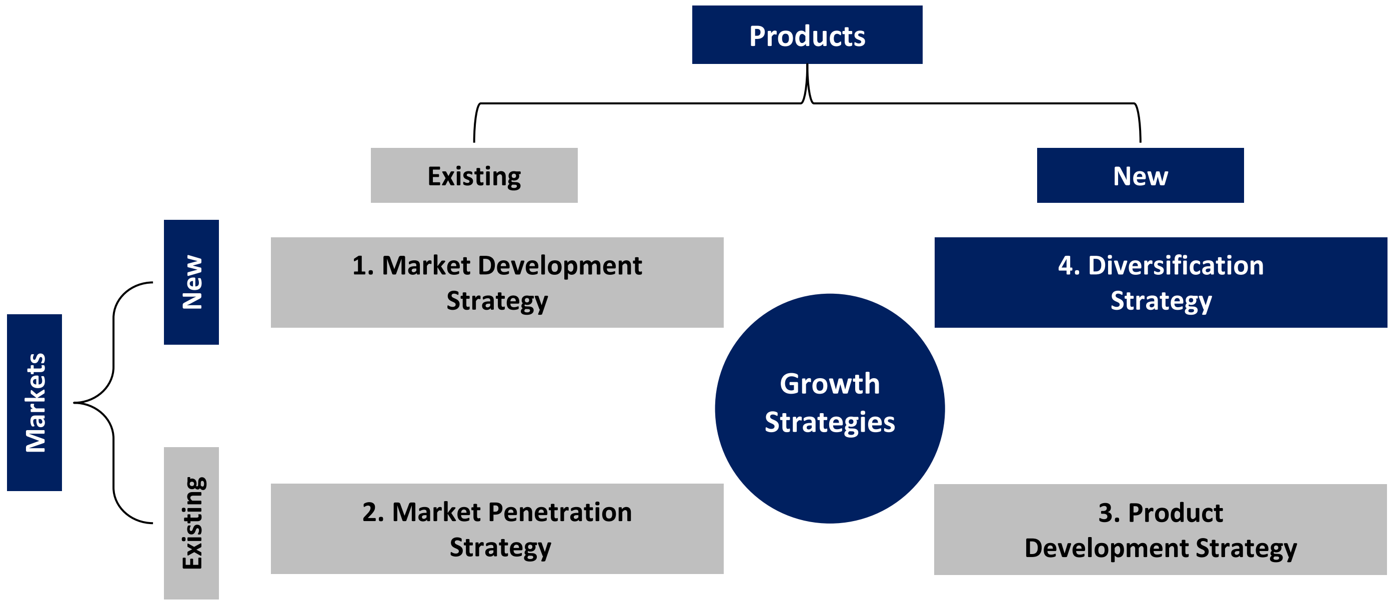
- Our client A is a Makeup brand that is finding itself competing with another Brand B selling its products on A's online platform.
- The client has been facing the issue for the past 9 months.
- Brand B has been dominating the sales on A' platform due to its strong marketing and customer confidence.
- A limited category of products is being offered by A and that too in restricted areas.
- A strategy needs to be formed for Brand A to increase its sales.

Recommendations

- Instead of operating in a niche category: makeup, expand into other product lines.
- New products will enable new target audience thus helping Brand A overcome the lost traction due to Brand B.
- Higher commission charged from Brand B will enable passive revenue stream.

Brownie Points

- Ask about the marketing undertaken by brand A currently.
- Suggesting promotional schemes for getting customer attention (collaborations, ads, brand ambassador).
- A products catering to current trend/demand of organic/toxin free cosmetics.



LOADED ENTRY (1/7)

Transcript

Your client is a Tech-based logistics startup on Series-B funding, currently operating in 2 Indian states, looking to grow into 3 more states. You are required to devise a GTM strategy, along with the factors that should be considered for state selection.

I would like to ask a few clarifying questions as I'd like to understand more about our client before I begin to analyze the case.
1. In what geography is the client currently operating?
2. What type of logistics services does the company provide?
3. What is the market share of the company in the industry?
4. Are the services B2B or B2C?

1. The client is working in 2 south Indian states, Kerala and Tamil Nadu
2. The client currently provides truck-based logistics services
3. I would like you to calculate the truck-based logistics market size in India and then we can get back to this question
4. The client provides logistic services to the businesses, for example, transportation of raw materials, machinery, etc.

Ok so I will start by calculating the total truck-based tech logistics services in India. My approach will be to calculate the total number of units in different sectors of the country.
After that, we will calculate the units using any kind of transport for logistics.
(refer to guesstimate)

Yes, that's a good number.

What information do we have on the dominant players in the market as well as the market share of our company

The market is very fragmented; thus, no player holds a dominant market share as of now. Right now, we have an annual revenue of 50 crores with 20% EBITDA margin

Ok sure. Before that can you please elaborate on the features of the application through which a customer can book a truck? What is the pricing model adopted by the company?

The application has basic features, the customer can open the app and choose the type of truck as per convenience. Once the truck is booked the driver approaches the location and delivers the goods. The company has fixed charges as well as charges per km based on the truck category.

Further I would like to know
1.What type of companies are the major competitors?
2.Is the client thinking of expanding to B2C?

1. Direct competitors are Truckky, Wheelseye and Porter. Also, there are some unorganized players in the market.
2. No, the client wants to be in B2B only.

Can I take 30 seconds to make a structure?

Sure

So for the growth aspect I would like to suggest some changes in the pricing model as it will help with flexible pricing and increase the attractiveness towards the company which leads to growth of the company as well as the transit time. Then some ways for organic and inorganic ways to grow.

Ok start with the suggestions for the pricing model.

Since LIVE PRICING turns out to be the prominent USP, the customers would be able to find the real time price update on the app now they search for a specific itinerary. This provides an estimate to the customers about the fair price which is updated on regular intervals and is calculated based on the model of the truck, its features, weight of the freight, the distance that must be covered etc.

Another important feature to consider is the **Rate index for the truck drivers** which is calculated as the total of the rate that is coated on the load, fuel surcharge pricing as well as an additional fee for detention, multi-stop charges, driver unload, lumper fees etc. Such a rate index should be easily visible and accessible to the customer through the app.

Alright, what additions can the company make to enhance the existing USP?

Transcript

There are some main points for the customers while initiating the request, following factors could be considered to update the application and to enhance the existing USP:

- Customer feedback
- Hassle-free booking feature
- **Reducing transit time** as compared to typical operators. The reason why one would choose a tech-based logistics firm is if it offers perks over other operators and therefore transit time is a big factor considered by companies while doing so.
- **Providing a live tracking system** - The introduction of such a system where customers can track the vehicle and get live support through chat in case of any modification and assistance would help to bring in more ease and transparency in the processes of route planning, real-time tracking and reliable documentation and control, among others.

Alright, what strategies do you suggest that the company should employ to expand/grow?

I suggest the client should use the following marketing techniques to enter the market.

Marketing Strategies:

The company should enter the market by acquiring local and unorganized logistics providers. The client can do it in two ways:

1. By providing a platform for unorganized players to tap new clients.
2. By taking over the local players and providing services to their clients

Other Techniques I'd like to suggest would be:

1. Offline
2. Advertising the company on all the trucks owned by the company
3. Advertisement hoardings

Fair enough. How do you plan on selecting the three states for expansion?

3 potential states to be considered for expansion can be selected by keeping in mind the following criterion:

State Selection Criteria:

1.The state which has a high number of manufacturing units.

2.States which are near to Ports as the logistics are used to transport products from units to the ports.

3.The state with operational SEZs.

Alright, How would you go about that?

The Procedure could look something like the following:

1.Since we're already operating in two south Indian states, we have a pre-established inventory, equipment and customer base.

2.To take full advantage of potential operational synergies, I suggest that we expand into the states that lie in the vicinity of our current operations.

3.So, we can narrow down the major states according to the above criterion:

3.1. Karnataka

3.2. Andhra Pradesh

3.3. Telangana

Please state specific reasons for each state, beginning with Karnataka.

Karnataka has a vibrant automobile, agro, aerospace, textile and garment, biotech, and heavy engineering industries, also it houses an attractive mining sector.

It is home to many operational SEZs as well.

The prevalence of the manufacturing sector and the existence of SEZs illustrates a need for truck-based logistics services here.

And what about Andhra Pradesh?

The proximity of ports in **Andhra Pradesh** provides a window for a logistic company to set up its operations here. Most Coal-based power plants in the country are located which as well would require a logistics infrastructure as well. Key industrial segments including Biotechnology, Bulk drugs, Pharmaceuticals, textile and automotive industries all comprising the target market of the company are also present here.

Okay, Go for Telangana next.

Telangana is a hub of the pharmaceutical and IT industries while also being a major producer of fruits and vegetables. It is a mineral-rich state. Two important rivers of India, the Godavari and Krishna, flow through the state; its agriculture sector is booming as well.

The prominence of food crop production and transport coupled with mining activities justifies the requirement for logistics services in the state.

I hope this analysis adequately demonstrates the need for logistics services in the mentioned states.

Transcript

Sounds about right. Thank you for this comprehensive approach. Also, as we are going for series B funding, could you suggest to us the best valuation method and valuation of our company?

Valuation in the Series A funding round should be multiplied by the times the revenue has increased. Whereas the company is still in its initial phase the best valuation approach is the market multiple approach

Could you elaborate on why the market multiple approach is feasible?

The multiples approach seeks to capture many of a firm's operating and financial characteristics (e.g., expected growth) in a single number that can be multiplied by a specific financial metric (e.g., EBITDA) to yield an enterprise or equity value.

It’d be the most credible approach as it relies on actual market transactions and involves minimal assumptions.

Basically, indicating what the market is willing to pay for a company.

Could you elaborate on why the market multiple approach is feasible?

So for valuing the company I need some data regarding the recent acquisitions in the Logistics industry.

Ok, Go ahead with the valuation.

From the given information, company B is not a comparable company so it should be excluded from the analysis. Whereas, from the remaining 2 acquisitions we can identify that we can value the company by 5X EBITDA multiple.

(Refer to financials)

Ok. Can you give me the exact number?

Since our client is making a revenue of 50 crores annually with EBITDA margin of 20%. Which gives us the EBITDA of 10 Crores. EBITDA multiple is 5X, so we raise round B funding at around 50 Crores.

LOADED ENTRY (4/7)

Framework

Case Facts

- Tech-Based Logistics Startup
- On Series B Funding Round
- Current Operations: Kerala & Tamil Nadu

Recommendations

- Aim of reducing transit time
- Providing a live tracking system
- Efficiently progressing with the live pricing technique

Brownie Points

- Analyzing more valuation methods
- Interviewee should have suggested to go B2C as it will have a high growth probability

3CP Approach

- **Company**
  - Tech based logistics company
  - Currently in Kerala and Karnataka
- **Customer**
  - Works in B2B model
  - Don’t want to expand in B2C
- **Competition**
  - Truckky, Wheelseye and Porter
  - Unorganized players
- **Product**
  - Logistics via trucks
  - Application for booking the truck
  - Fixed and variable charges

How To Enter?

- **Organic**
  - Rate index
  - Customer feedback
  - Booking Feature
  - Reducing Transit Time
  - Live-tracking system
  - Advertisement
- **Inorganic**
  - a platform for unorganized players to tap new clients
  - taking over the local players

STATE SELECTION CRITERIA

- Vicinity to ports
- Operational SEZs
- High number of manufacturing units

LOADED ENTRY (5/7)

Guesstimate

Population-140

	Urban - 40%		Rural - 60%	
Population Divide	Working	Non-Working	Working	Non-Working
	60%	40%	70%	30%
Familiar with the application	80%		10%	
Working population familiar with app	32.76			

	Primary-50%			Secondary-25%			Tertiary-25%		
Sector wise divide of working population & Familiar with Applications	16.9			8.19			8.19		
Average company size	Small	Medium	Large	Small	Medium	Large	Small	Medium	Large
	5	50	150	5	50	150	5	50	150
Total number of units	1.092	0.1092	0.0364	0.546	0.0546	0.0182	0.546	0.0546	0.0182
Units using any kind of transport	60%			80%			25%		

Assumptions

1. People above the age of 50 don't drive trucks
2. Two wheelers and three wheelers are not considered
3. Person who is driving has a driving license
4. Business is B2B
5. Trucks are used for logistics, House shifting, Tow trucks, Firefighting trucks
6. Unit is crore

Scan the QR Code to access the Guesstimate Spreadsheet

Guesstimate

Core Activity (Revenue from Donation)

Total trucks used

Units	Small	Medium	Large	Total
Units	1.2285	0.12285	0.04095	1.3923
Compact	30%	40%	5%	0.4197375
Midsize	5%	30%	10%	0.102375
Full size	0%	5%	30%	0.0184275
Heavy duty	0%	5%	30%	0.0184275
Other transport	65%	20%	25%	0.8333325
Total trucks used				0.5589675

PRICING

Types of trucks	Compact	Midsize	Full size	Heavy duty
Fixed charges	500	2000	5000	10000
Variable charges	25	30	35	40
Average distance covered	100	300	600	1000
Number of trucks	0.4197375	0.102375	0.0184275	0.0184275
Market size	1259.2125	1126.125	479.115	921.375

Total market: 3785.8275

Financials

Exhibit 1

Firm value for 3rd funding round

Name	Description	EBITDA	Selling Price
Company A	A Logistics company operating in B2C market by small vehicles like, 2 & 3 wheelers	250 Crores	1250 Crores
Company B	A fintech company providing payment gateway for B2B payments	125 Crores	300 Crores
Company C	A logistics company in B2B and B2C market	100 Crores	500 Crores

Client	Revenue	EBITDA Margin	EBITDA Multiple	Valuation
Tech Based logistics company	50 Crore	20%	5 X	50 Crores

Transcript

The global smartphone market size was valued at USD 457.18 billion in 2021. The market is projected to grow from USD 484.81 billion in 2022 to USD 792.51 billion by 2029, exhibiting a CAGR of 7.3% during the forecast period. So to encash this opportunity our Client, a US-based end-to-end smart devices manufacturer, is looking to enter South Asia to sell its special AI-enabled software. Now ascertain the attractiveness of the Indian market for your client and if the market deems fit devise a market entry strategy for them with planned capex investment for 3 years.

What is the main objective behind this market entry?

The company is looking to raise the next round of investment and for this purpose, they are looking to increase their revenue to get a higher valuation multiple.

Are they selling this AI-enabled software in any other country as of now? And also are they similar to ChatGPT and Bard in any way?

Yes, they are selling these bots in the US and Europe. The product has been a success there and has captured a market share of 35% and 39% respectively in the segment. Ignore the similarities between our product and other AI-enabled software for this case.

Does our client have any particular country in mind where they are looking to enter? They are looking to enter India, China, or Vietnam. What is the product mix of the Client?

Since it is an end-to-end smart devices manufacturer. It has a diverse product mix from smartphones to televisions smart, LED'S and even smartwatches.

The software used in these devices is also in-house production or do we have third-party tie-ups for it?

It's produced in-house.

Do we sell this software B2B to other companies for their products? Also, Since our client is a manufacturer. So will they import these products from different countries or are they willing to set up a plant here?

Yes we do sell B2B. The client hasn't given a thought as to whether they will be importing or manufacturing in the country itself. You may begin with your approach now.

Now I would like to do an in-depth analysis of all three countries by providing a rough structure. I'll try to give a brief summary about the respective by listing their pros and cons:

A. CHINA
- **Pros**: Cheap labor cost and advanced technology
- **Cons**: Disruptive Intellectual Property has a chance of a leak. China's legal system usually punishes counterfeiting and IP theft with little more than a slap on the wrist

B. TAIWAN
- **Pros**: Biggest semiconductors producing country so the cost of making these bots would decrease exponentially due to the quick availability and proximity of the above and its creator.
- **Cons**: Geopolitical tensions, in case of invasion by China the capex investment might go in vain or might get stuck.

C. INDIA
- **Pros**: Under the "Make in India" scheme the government is providing tax concessions and production-linked incentives which will push down the overall cost drastically.
- **Cons**: Infrastructure is not that sophisticated and developed in comparison to the other two countries. Problems like water logging may result in logistics issue if the production unit is set up in India.

Okay, so which country would you recommend the company to enter and what is the thing we can do to make a USP for our products?

India as it is a low-risk and high-reward proposition. We can highlight the technical capabilities and relevancy of our special AI software to showcase the product differentiation like-Capable of media Playback, Helps in making to-do lists, setting alarms for weather, traffic, sports, and other real updates-Product Relevancy- integration with other smart devices i.e., smart televisions, housing and related appliances.

What will be our target customer? Calculate the total addressable market (TAM) for our product, prepare a guesstimate on it and what factors will drive our pricing strategy?

Urban population(specially generation-z) in the 8 metropolitan tier 1 cities and high-income groups in tier 2 and 3 cities. We can use Price skimming in which we can charge a high initial price that customers will pay and then lower it over time.

Transcript

As the demand of the customers is satisfied and competition enters the market, we will lower the price to attract another, more price-sensitive segment of the population.
Also, do you have a timeline in mind for the market entry?

Don't focus on this. Please explore the options for market entry.

There are two ways of entering a market. Organically and Inorganically, So what would the company look to enter the Indian market?

Since we want the results to quickly reflect on our Accounting statements so doing everything from scratch won't be feasible, so what would you recommend in an inorganic way? Do an analysis for each case a- Joint venture, merger, or acquisition.

The acquisition would require a big capex investment from our side and also there is no mid or small-size firm working or making strides in the particular domain for AI in India so an acquisition might require ground-up work.
A joint venture can be a better way to expand in the Indian market because through that we will be able to get the association of that brand with us which will result in better customer acquisition and would reduce the CAC as the established brand name would also act as the pulling factor for customers.

Okay go ahead with this option.
What are the prospective business houses we can collaborate with?

Veliance might be a very good option for this due to its diversified business and its presence in both online and offline space through Vio Mart and Veliance retail offline(Veliance Digital). Through this, we will have a strong distribution network.

List some other benefits of this proposed JV too.

Through a JV we will also enter into a B2B type of business model where we will have our payments upfront which would reduce the company's exposure to business risk and will also ensure better cash flows.

Okay but why would a company of such a size enter into a JV with us?

The company might enter into a joint venture with us, owing to the following benefits/deliverables from our side:-
1) We will provide our special AI software to Veliance, to be run exclusively in their devices. It will be akin to what Apple has in their devices, in the form of Siri.

2) We can also enter into a future dated agreement with Vio, if they decide to enter the US then we can provide their employees with training and could share our manufacturing facility.

Okay you can close the case now.

CHATGPT 2.0 (3/6)

Framework

Case Facts

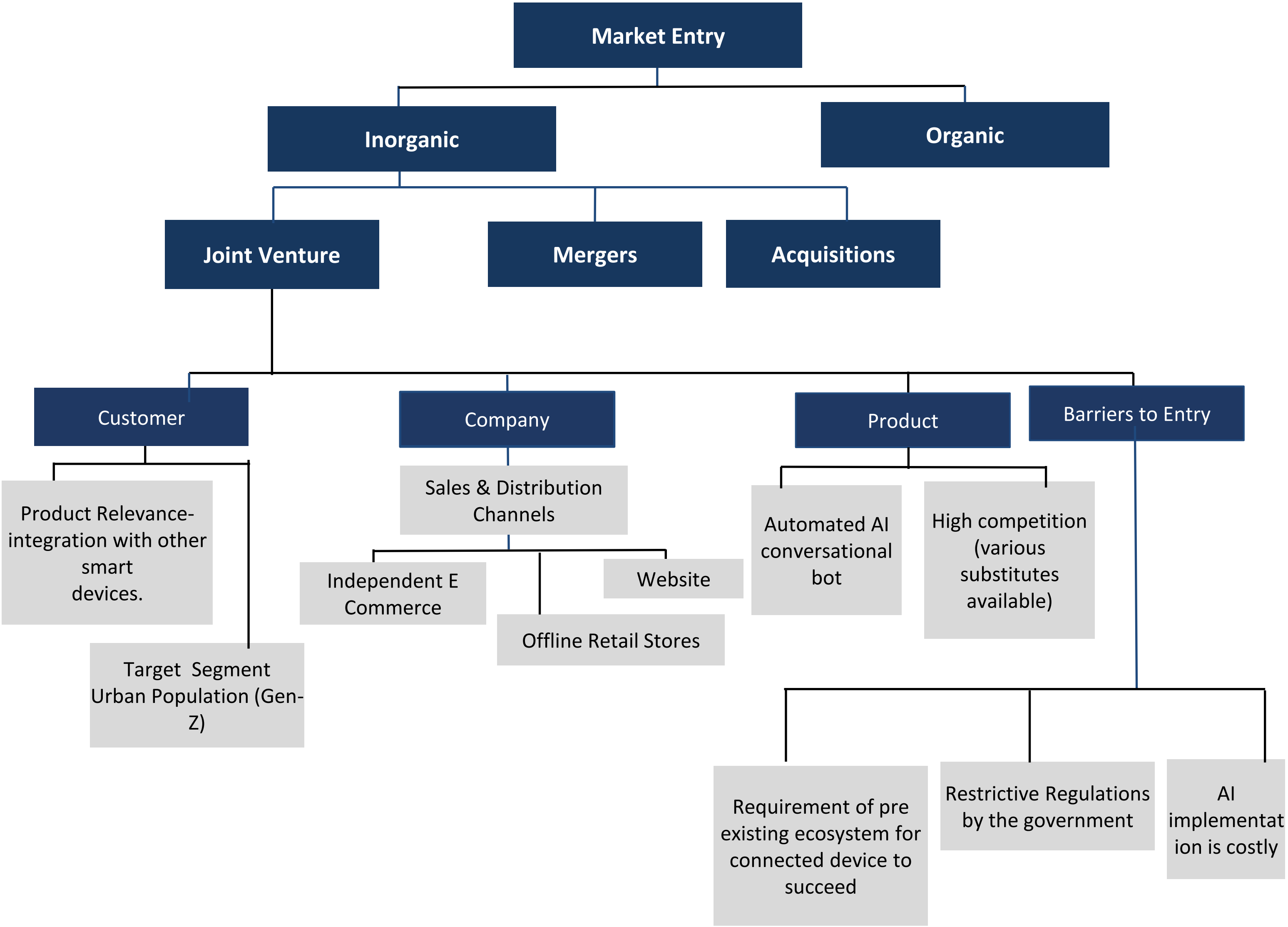
- The client is an **end-to-end** US based **smart device manufacturer**.
- The product has been a success in **US** and **Europe** and has captured a market share of **35%** and **39%** respectively in the segment.
- The client is an **in-house producer** and sells the software **B2B** to other companies as well.
- **Objectives**: To increase the revenues in order to get higher valuation multiples & to raise new investments into their portfolio
- **Market Specifics**:
  - Global smartphone market size in 2021: USD 457.18 Bn
  - Expected market size by 2029: 792.51 Bn
  - Expected CAGR by 2029: 7.3%

Recommendations

- To launch in India: **JV** with **Veliance**, to exclusively provide the software for their products.
- A **joint venture** with **Vio** is: if they plan to enter US market, to provide training to their employees and share manufacturing facilities.

Brownie Points

- Asking questions pertaining to Chat GPT. Shows awareness about the present trends.
- Taking geopolitical factors into consideration before making investment decision.
- Addressing the need for introduction of Indian languages in the software.



CHATGPT 2.0 (4/6)

Guesstimate

Total Population

	Rural				Urban			
	84				56			
Income	<1 LPA	1-5 LPA	5-10 LPA	>10 LPA	<1 LPA	1-5 LPA	5-10 LPA	>10 LPA
	30%	25%	25%	20%	15%	25%	35%	30%
No. of Households	(84*30%)/6	(84*25%)/6	(84*25%)/6	(84*20%)/6	(56*15%)/4	(56*25%)/4	(56*35%)/4	(56*30%)/4
	4.2	3.5	3.5	2.8	2.1	3.5	4.9	4.2

Total households in a given Income range	<1 LPA	1-5 LPA	5-10 LPA	>10 LPA
	6.3	7.0	8.4	7.0

* All values in the guesstimate are in crores.

Assumptions

- The AI conversation bot is a user-interactive chatbot software.
- Can be operated in devices like smartphones, laptops and other smart devices
- Other smart devices include tablets, Bluetooth speakers etc.
- To estimate the market size, we will first estimate the number of devices the software can be operated in and then derive the market size according to the pricing of the product
- Assuming that the number of people in each household is 4 for the urban areas and 6 for the rural areas

Scan the QR Code to access the Guesstimate Spreadsheet

Guesstimate

Affordability for the Devices

SMARTPHONES	% of households	5	90	100	100
	Avg. No. of devices per Household	1	1.5	2	2.5
	No. of smartphones	6.3*5%*1 = **0.3**	7.0*90%*1.5 = **9.5**	8.4*100%*2 = **14.1**	7.0*100%*2.5 = **17.5**
LAPTOPS	% of households	1	10	50	50
	Avg. No. of devices per Household	1	0.5	0.5	1
	No. of smartphones	6.3*1%*1 = **0.1**	7.0*10%*0.5 = **0.4**	8.4*50%*0.5 = **1.7**	7.0*50%*1 = **3.5**
OTHER SMART DEVICES	% of households	0	5	40	40
	Avg. No. of devices per Household	0	1	0.5	1
	No. of smartphones	6.3*0%*0 = **0**	7.0*5%*1 = **0.4**	8.4*40%*0.5 = **1.7**	7.0*40%*1 = **2.8**
Total no. of Devices available		**0.4**	**10.2**	**17.5**	**23.8**

Assumptions

- We assume three types of devices to operate the software in- smartphone, laptops and i-pads irrespective of their brands.
- Not all households own an equal number of devices of each kind. So, we assume that the average number of devices per household as mentioned in the table. For eg: 1.5 means that every three households own two devices.
- Since I-pads are not preferred by people so frequently as a result of affordability and feasibility, a very less proportion of them own I-pads. The number is zero in the case of people with the lowest income as a matter of affordability.

Scan the QR Code to access the Guesstimate Spreadsheet

CHATGPT 2.0 (6/6)

Guesstimate

Total no. of devices available	0.4+10.2+17.5+23.8 = **51.8**	
Version Type	NORMAL	PREMIUM
	70%	30%
No. of Devices	51.8*70% = **36.26**	51.8*30% = **15.54**
Price (in Rs.)	3000	5000
Market Size	36.26*3000 = **108780**	15.54*5000 = **77700**
Total Available Market	108780+77700 = **186480**	

SANITY CHECK			
Approx. No. of Smartphones used in India (In crores)			50
Approx. No. of Laptops used in India (In crores)			2.5
Approx. No. of other Smart Devices used in India (In crores)			1.5
Total No. of Smart Devices used in India (In crores)			50+2.5+1.5 = **54**
Premium Version		30%	16.2
Normal Version		70%	37.8
Price	Premium Version	5000	81000
	Normal Version	3000	113400
Total Available Market (In crores)			**194400**

Assumptions

- We assume that the company provides two kinds of versions of the software: a normal and a premium version with different prices.
- The price of the software is same for all kinds of devices.
- Since the premium version is costlier, people prefer buying the normal version. Only a 30% (mostly people from the highest income range) prefer the premium version.
- The total available market is the function of total devices available for installing the software into and the price of the software.

Scan the QR Code to access the Guesstimate Spreadsheet

PRICING CASES

SHAKE IT OFF (1/2)

Transcript

Gym chain is planning to introduce an aerobics/Zumba programme in the afternoon hours. Guide them as to how should they price this programme. Form a pricing strategy

What is the objective of our client?

The objective of the client is to capture the market.

Okay so is the client looking for market penetration by keeping a competitive & aggressive pricing strategy.

Yes, you're right.

I would like to gather a little more information about the client, the product, target customers and the competition.
How prominent is the client, since when are they operating? Which cities are they located in? Do any of their branches already offer zumba classes? And does our client fall under premium category or economical?

The client is a well known gym chain and has more than 25+ gyms operating across 7+ states within India. They provide a premium yet semi- luxurious experience to their customers, none of which offer zumba classes as of now. Our client is known to have more equipments and better infrastructure than the normal ones and hence, charges the customers a premium of Rs 200-300 more.

What are the existing services provided by the gym and how much do they charge for the same.

The gym provides cardio and weightlifting options for its members plus auxiliary services like private lockers, spa etc. and charges a monthly fees of Rs 2500 for the same, Longer period packages are a bit more economical.

Alright. I'd like to assess our target customers now and the value that the programme would provide for them. What demography of customers is the client expecting and what will be the services provided to them?

The client is targeting the female population in the age bracket of 18-40 years, that would want to take up aerobic exercise for fitness. Services like training coach, locker facilities and all other basic amenities like washrooms, showers etc will be provided.

I'd like to assess the pricing, based upon three parameters which are: cost, competition and value to the customers. I'd like to start off with cost-based pricing. Can you tell me what are the costs involved for the client for starting this new service? Do they require any extra space for conducting these sessions?

Since the footfall is relatively less in the afternoon hours, they would be using the existing gym space for taking up zumba sessions and the costs of introducing Zumba would include salaries of qualified zumba instructors only. However, we are not focusing a lot on cost-based pricing since there are no huge costs involved as of now.

Alright. I would then like to focus on competitor-based pricing. So how many competitors are there in the market, across categories and what are the prices charged by them for Zumba/aerobics classes?

There are quite a few prominent gym chains present in the cities where the client's gyms are located. Competitors in the economical category are charging in the range of 1200-1800 per month, those in the mid-range charge around Rs. 1800-2200 per month, while those in the premium range charge somewhere between 2700- 3000+. There are no additional benefits provided by the competitors as such.

I'd like to assume that being a premium gym chain, the client would not want to price its classes below the average prices of mid-range gyms. This price, i.e. 2000 per month, could be taken as the floor price. 3000 per month could be taken as the ceiling price since any rates above this would not drive the customers to our chain. Does this approach seem fair to you?

Fair enough.

I'd like to look at value based pricing now. For this I'd consider the opportunity costs to the customers, which could be costs of attending dance or yoga classes. Do you have any information on the same? Also, does our client provide any additional benefits to the customers?

The average rates of joining dance/yoga classes is around Rs. 2000 per month. The instructors that the client has hired have an additional fitness certification from a reputable institution apart from the zumba training license. Usually instructors with the given qualifications charge 20% higher.

The price in this case comes to Rs. 2400 per month.
Here is my final recommendation for the price range:

High Price (no possible demand at this price)	Ceiling price	Customers assessment of unique product features	Orientation point	Floor Price
>3000 pm	3000 pm	2400 pm	2200 pm	2000 pm

SHAKE IT OFF (2/2)

Framework

Case Facts

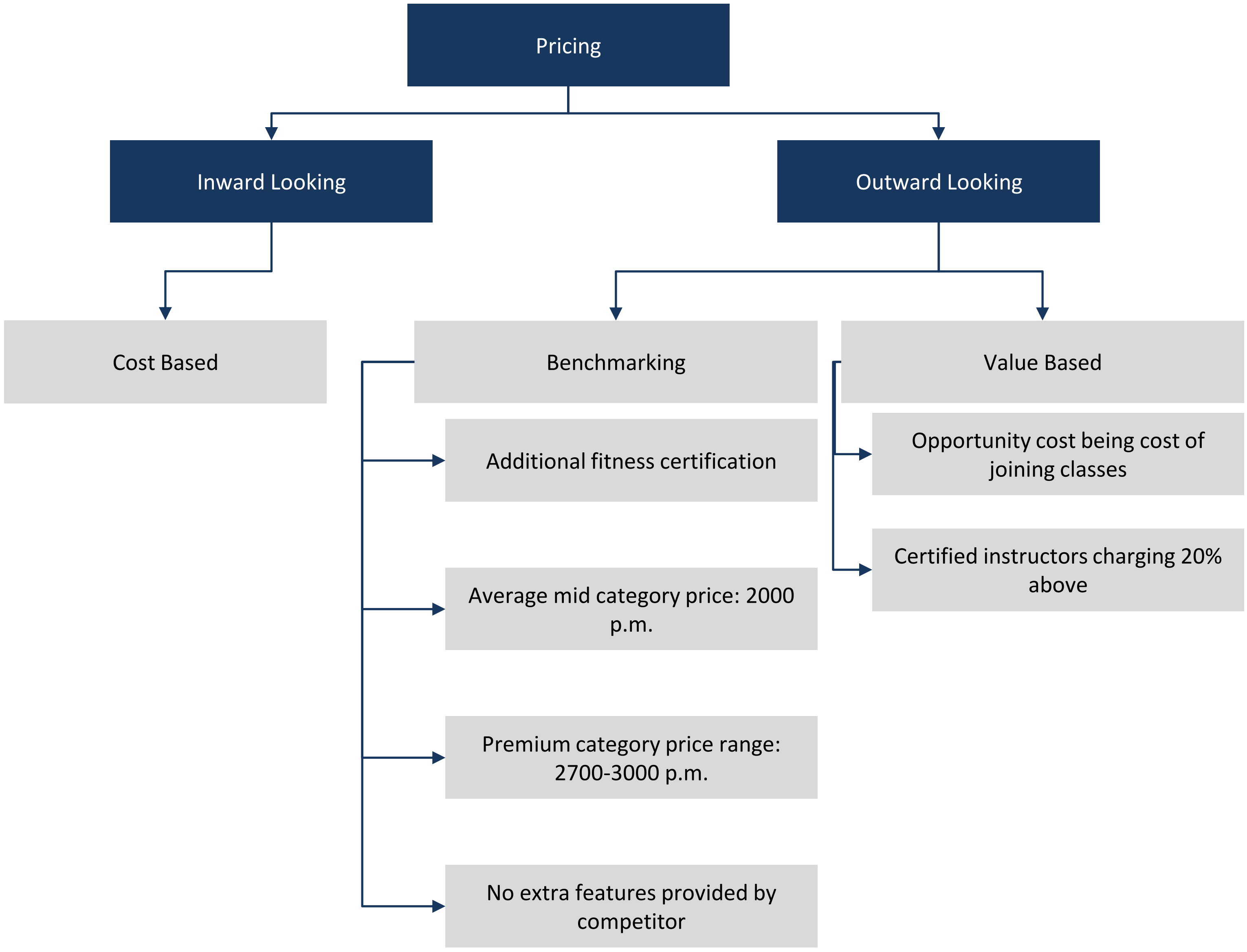
- **Overview** - A gym chain is introducing Zumba classes and wants to form a pricing strategy for the same.
- **Presence** – Multiple branches across India, has a good market share.
- **Category** – Premium

Recommendations

- The client should **not price the Zumba classes below** the average pricing of mid-range competitors which is **Rs. 2000 pm**, since it is more on the premium side and provides better infrastructure and a semi-luxurious experience.
- Any rates **above Rs. 3000 pm**, which is the maximum price charged by premium range competitors would **drive the customers towards luxury gyms** at such a price.

Brownie Points

- Identifying average pricing of mid-range competitors as floor price.
- Identifying joining of dance/yoga classes as opportunity cost.



TOLL-E-RATE (1/2)

Transcript

Your client is the toll collecting authority, setting up tolls for commercial vehicles on the Delhi Noida highway. You are required to suggest a toll price strategy for different types of commercial vehicles.

To begin with the case, I would like to know the number of toll plazas being set and the specific location of setting up each/all of them.

Alright there are 4 Noida-Delhi Borders that are Ghazipur, Kalindi Kunj, DND and Mayur Vihar. Our client is setting up the plaza only at the Ghazipur Border. And one toll plaza will be set up at the Delhi Up Border.

Okay now that we know the location is Ghazipur and we want to give a pricing strategy for commercial vehicle tolls, I would like to categorize commercial vehicles as Trucks/Buses and Cars. Further, I would like to bifurcate trucks into four categories on the basis of their sizes that will comprise of Compact, Mid Size, Full Size and Heavy Duty trucks. Is there any other mode of vehicle that I am missing out?

Yes, you can mention about 2-3 wheelers as well.

I will work with the assumption that the traffic for two-wheelers and three wheelers is not allowed on highways and it is negligible for our case. Is it a fair assumption to take?

Yes, Sounds good.

I will be going ahead by using the frequency of these vehicles at our plaza to determine our pricing strategy. Do we have any data pertaining to the number of times these vehicles cross these borders?

Sure, so there are approximately 110,000 Commercial trucks entering Delhi on daily basis and about 2000 Cabs from Ghazipur Border.

Ok so Delhi is bordered by 2 states that are UP and Haryana. I am assuming 50% of the trucks enter from UP and since there are 10 points to enter Delhi from UP, there are approximately 5,500 trucks entering from Ghazipur Border. Further, we will assume 30% of the trucks entering to be Compact, 35% Mid Size, 20% Full Size and 15% Heavy Duty.

Fair enough.

So the pricing strategies we can consider are cost plus pricing, competitive pricing and value pricing.

What is the pricing strategy most suitable in this case?

Since our toll authority has no direct competition in this region using competitive pricing is not a feasible option. Now, both cost based and value based pricing are strategies that can be used for our case. Which one would you like me to proceed with?

Alright. You can go ahead with value based strategy.

Ok, so moving ahead with Value pricing Strategy. We can charge the vehicles on the basis of their type, meaning higher toll for heavy duty trucks than taxis. I would like to know if there is any regulation or limit on the Toll Charges that needs to be accommodated.

Right, we are under a constraint and can charge a maximum of Rs. 100 from cabs and Rs. 500 from trucks..

Are we facing issues in both?

Yes.

Considering that people might change their mode of transport due to higher charges.
We should have differentiated charges basis the vehicle load.
Also we can have 3 Types of pricing for commercial Vehicles.
That are: a) One Way Journey
b) Round Trip
c) Monthly Pass.

Could you please explain the reason behind monthly pass prices?

Yes Sure. Let's take Full Size Trucks, Assuming that a truck have 20 Round Trips in a month so his total Expense will be 14,400 so we will charge 12,000 if he takes a monthly pass.

Thank you for the approach, I think we can end our discussion here.

TOLL-E-RATE (2/2)

Framework

Case Facts

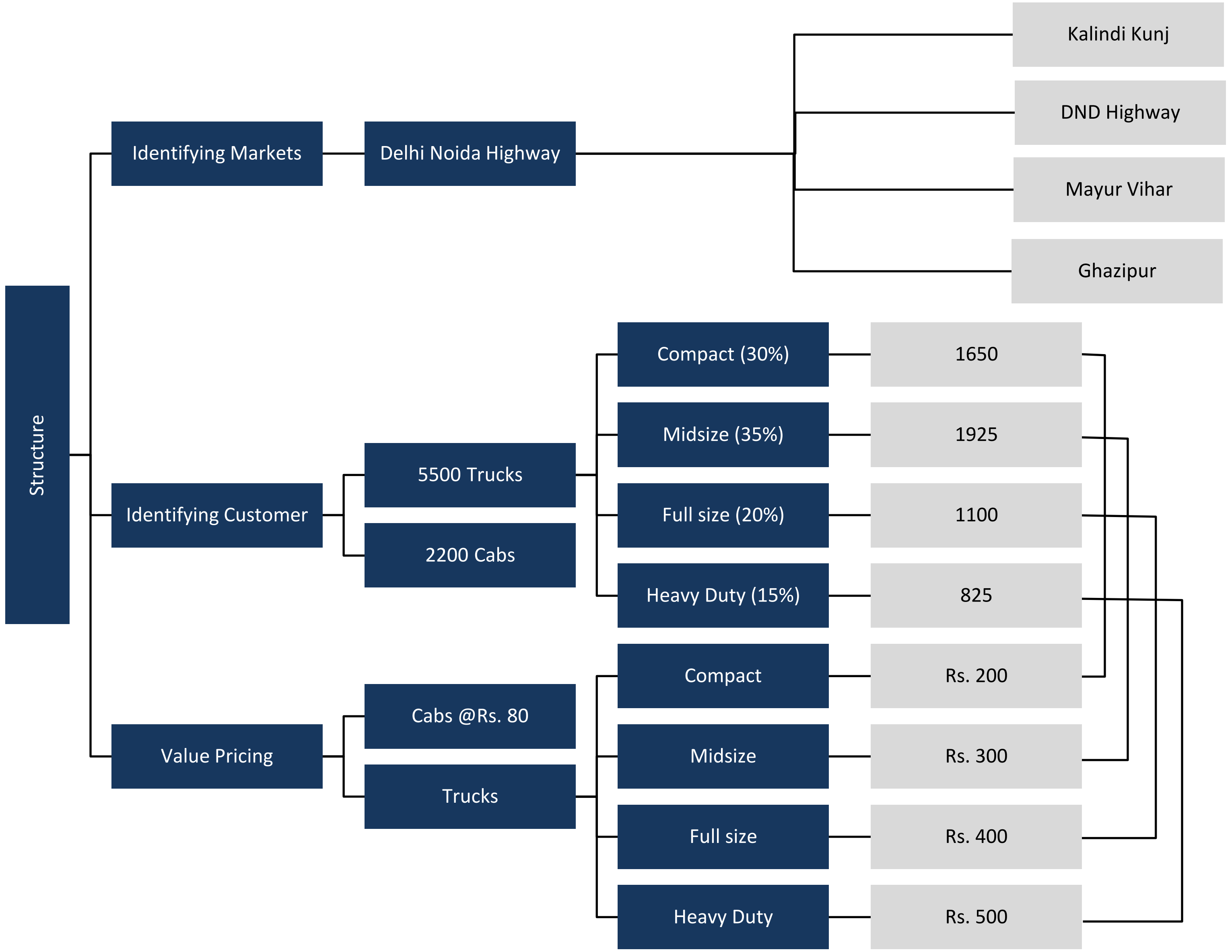
- Toll pricing for commercial vehicles on Delhi-Noida highway
- Toll will set up at Ghazipur border only
- 2 wheelers and 3 wheelers are not allowed on the highway
- Upper cap of Rs. 500 for trucks and Rs.100 for cabs

Recommendations

Vehicle	One Way	Round Trip	Monthly Pass
Car/Van	80	120	
Heavy Duty	500	900	14,000
Full Size	400	720	12,000
Mid Size/Buses	300	540	10,000
Compact	200	360	8,000

Brownie Points

- Cost based pricing would be more comprehensive
- Mentioning about the alternate ways to commute



COALECT! (1/3)

Transcript

Your client is a steel manufacturing company looking to buy a coal mine. You've been onboarded as a consultant, and the client wants you to find the maximum price they should be willing to pay for the coal mine.

Okay, so to begin with, I would like to know the objective of the company for purchasing the coal mine.

Sure. Our profit margins are quite low because of high costs, so as a cost-cutting measure, we wish to purchase a coal mine so as to be able to procure coal for the steel manufacturing process at a lower price.

Can you please tell me what the current status of the company and the industry is like? What are the profit margins of the company, and what are the industry average profit margins?

For the last financial year, we had profit margins of 15% in comparison to an industry average of 20%.

Also, how does the company plan to use the coal extracted from the mine? Will the company be using the coal extracted from the coal mine only for internal use in production?

No, the steel producing plant has enough production capacity to only be able to use 50% of the produced coal at any point in time, so the remaining coal shall be sold in the market.

What will be the selling price of the coal? Also, does the company have an expected profit margin it would like to reach while selling coal?

The coal will be sold in the market at Rs. 35,000 Per metric tonne. Yes, we would like to have a profit margin of 15% from the sale of coal.

Now I would like to analyze the details of the coal mine. So, what is the estimated quantity of coal that is expected to be present in the coal mine?

It is only known that the coal mine is in the form of a cylinder, 100 meters deep, and has a radius of 2 meters. It is also known that the average amount of coal that can be extracted from other coal mines in the area is 0.5 Metric tonnes per 1-meter cube of the volume of the mine.

So, if we estimate the total amount of coal in the mine, it comes out to be approximately 628 metric tonnes. How much time do you think will be required for complete extraction?

It is estimated to be three years.

So, we can have approximately 200 metric tonnes of coal extracted per year available. Now, I would like to estimate the financials and profits associated with the coal mine. Since we are planning to sell 50% of the coal in the market, we will be making a revenue of Rs. 35,00,000. At 15% margin on profits from this sale, our target profits come out to be Rs. 5,25,000 per year

So what do you think can be the allowed total cost of coal as per sale estimates?

Looking at the revenue and expected profits from the sales, the total cost allowed for coal per year is Rs. 29,75,000. Furthermore, for 50% coal extraction, the cost is Rs. 25,00,000. One-third of the purchase cost of the coal mine can be obtained by subtracting the extraction costs from the total allowed costs. So, 1/3rd purchase cost of the coal mine comes out to 4,75,000 and the maximum purchase cost of the coal mine we can have comes out to be Rs. 14,25,000.

Great. But we are going to use the extracted coal in the steel plant as well. So, how would you estimate the maximum price of the coal mine as per the target profits of the steel manufacturing plant?

Okay, so may I know how much revenue is expected from the steel manufacturing plant and what profit margins are we targeting this year?

Both. We have estimated to have revenues up to Rs. 10 crores and expect to have a 20% of target profit margin for this financial year.

Clear. So, this means we can have a maximum of Rs. 8,00,00,000 allowance for all our costs. How much do you think will be our costs just for the steel plant?

You may assume that we incur Rs 7,70,00,000 operating our steel plant.

Okay. That means we can have a maximum of Rs. 30,00,000 to spend on the coal mine. For 50% of the coal extraction, we will have to spend Rs. 25,00,000. So, we will have Rs. 5,00,000 left to spend on the coal mine. Again, assuming that approximately one-third of the purchasing cost of a coal mine is covered by this amount, the maximum purchase cost of the coal mine we can have comes out to be Rs.15,00,000.

Great. So, what would you recommend in this case?

Keeping both figures in mind, I'd recommend that the steel plant should be acquired for a maximum cost of Rs. 14,25,000. This will ensure that the client is able to gain a profit of 15% on the sale of coal and increase the profit margin of its steel manufacturing plant to 20%.

Thank you for this strategy, I believe we can end the discussion here.

COALECT! (2/3)

Framework

Case Facts

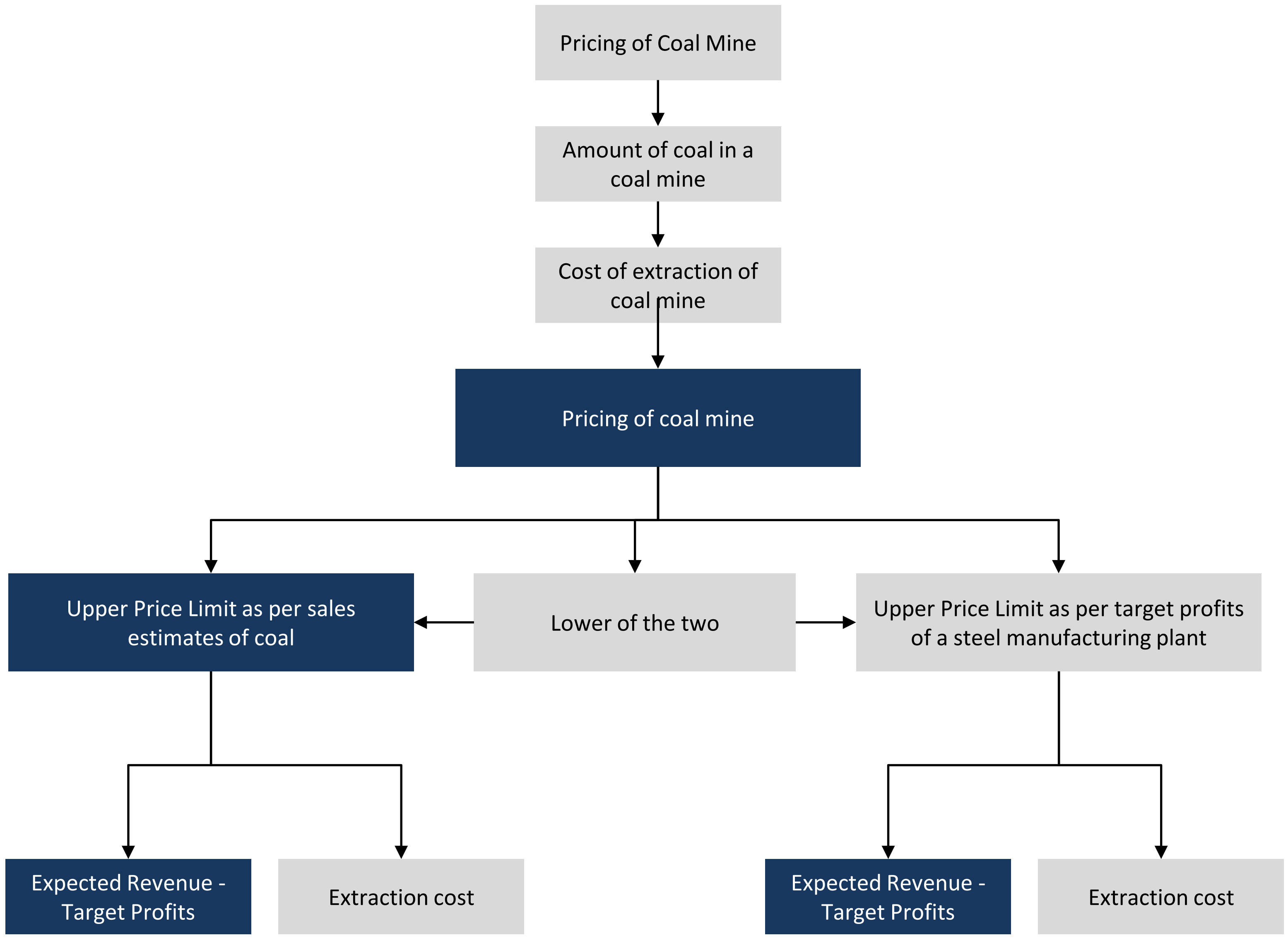
- The existing profit margins of the company are 15% (quite low).
- The company plans to use the coal extracted in two different ways: direct sale in the coal market and for manufacturing steel.
- One-third of the purchase cost of the coal mine can be obtained by subtracting the extraction costs from the total allowed costs.
- The target profit margins of the company after purchasing the coal mine are 20%.

Recommendations

- The maximum purchase cost of the coal mine as per sale estimates of coal comes out to be Rs. 14,25,000.
- The maximum purchase cost of the coal mine as per the target profits of the steel plant comes out to be Rs. 15,00,000.
- **The lowest upper limit to purchase the coal mine comes out to be Rs. 14,25,000.**

Brownie Points

- Having prior knowledge of the industry
- Ability to comprehend and solve the financials



Financials

Exhibits

Calculation of Amount of Coal available in mine	
Radius of coal mine	2 m
Depth of coal mine	100 m
Volume of the coal mine	1257.14 m^3
Amount of coal per meter cube of mine	.5 mt
Estimate coal in the mine	628.57 mt
Time taken for extraction for coal	3 Years
Coal extracted per Year	209.52 mt

Total amount of coal extracted per year (Rounded Off in Mt)		200.00
Usage	Steel Manufacturing	Sale In Market
%	50.00%	50.00%
Quantity	100.00	100.00

Calculation of Allowed total cost of coal as per sale estimates (in Rs.)	
Price of coal per tonne	35,000.00
Revenue from Coal sale per year	35,00,000.00 Rs
Profit margin Target	15.00%
Profit target per year	5,25,000.00 Rs
Allowed total costs per year on coal	29,75,000.00 Rs
Coal Extraction costs for 50% of Coal	25,00,000.00
1/3rd of Purchase Cost of Coal Mine	4,75,000.00
Actual Purchase cost of coal mine allowed	14,25,000.00

Costs for extraction for one year (in Rs.)	
Engineers (Mining, mechanical, operational and electrical)	20,00,000.00
Labour	8,00,000.00
Tools and Machinery	7,00,000.00
Mine Managers	15,00,000.00
Total Extraction cost of 200 Mt of coal	50,00,000.00

Steel Maunfacturing Plant estimates (in Rs.)	
Expected Revenue from steel manufacturing plant	10,00,00,000.00
Target Profit Margin	20%
Target Profits	2,00,00,000.00
Maximum Costs	8,00,00,000.00
All Costs Except Those related to coal	7,70,00,000.00
Maximum Cost allowance for Coal	30,00,000.00
Coal Extraction costs for 50% of coal	25,00,000.00
1/3rd of Purchase Cost of coal Mine	5,00,000.00
Actual Purchase cost of Coal mine allowed	15,00,000.00

PRIVATE EQUITY CASES

BEST OUT OF WASTE (1/4)

Transcript

Your client is a PE Firm that is looking forward to investing in a Waste Management Company in Delhi. The company is looking forward to developing capabilities to transform the waste collected into energy.

I would like to begin by asking some preliminary questions.

Sure. Go ahead.

What are the objectives behind this investment of the PE firm? What is the time frame for exit and what is the expected return? Is the firm looking to contribute financially, technologically, or an amalgamation of both of them?

Yes, so the firm is a thematic investing Private Equity, focused towards green investing. A time frame for exit is around 10 years and they are looking forward to making a financial contribution.

Where and what services is the waste management company providing?

I: The company is into the collection of municipal waste and is based out of & operating in Delhi.

Ok, may I know something about the financial performance of the company? How is its revenue growth and what share of the market has it captured?

The company has a sizable portion of the market and is the largest player amongst the 3 in this industry in Delhi. I would now like for you to tell me the estimated revenue.

Yes sure, so they must be collecting 3 types of waste from Households, Street Vendors, and Commercial Establishments.

Alright, go ahead

First I am going to calculate the number of households, the population of Delhi is about 2 Crores and the average family size is 3, so we get 66 Lakh families. As the collection fee depends upon the size of the house in Delhi, it can be divided into 4 types, 0-50 Sqm, 50-200 Sqm, 200 Sqm+, and an Unorganized/others category. I assume that 60% of the families live in the first category of houses, followed by 20% in the 50-200 sqm category, 10% in the 200 sqm+ categories, and the rest in the unorganized/others category. We divide the final number of houses with the monthly waste collection fee amount of Rs.50, 100, 200, and 0 (for unorganized), respectively. We end up with an annual collection of Rs. 532 Crores from the residential/household category.

Alright, please move on to the other 2 categories you mentioned earlier.

Yes, I am assuming that there are approximately 5,00,000 street vendors in Delhi. The total collection amount will be Rs.18 crores on an annual basis. For commercial establishments, they can be further divided into malls, medical establishments, retail outlets, HORECA & educational establishments. I am estimating the number of establishments per 10 lac citizens of Delhi, and the collection size on establishments is estimated according to their pre-conceived sizes. We end up with a final figure of Rs.44.118 Crore.

Ok, how much do you estimate the company's revenue to be?

Their market share is about 70%.

Both.

Ok, then their estimated annual revenue from the waste collection in Delhi turns out to be Rs.415 Crore. Now that we have the figure, may I know what has the growth been in the past years?

The company's revenues are growing at about 2-3% per annum.

The revenue growth rate and the market share are symbolic of the fact that the company has matured, and there doesn't seem to be a lot of steam left in the waste collection business. As a backup, the underlying business of the company cannot unlock any value for our private equity firm.

Ok, what other parameters would you want to weigh the business's ability to transition into an energy business?

I will be weighing the proposition on sources of returns, target specifics and industry attractiveness.

As I mentioned, the business if converted to an energy-driven one, can give immense returns, however, the underlying business, even as a backup is a mature and unattractive one from our PE firm's perspective. As far as the energy business is considered, the prospects are bright, the industry is rapidly growing, and there will be government support as well. However, there are major barriers, the foremost one being the knowledge and expertise barrier.

Ok, kindly elaborate on the barriers

Yes, based on the information about the company, and as per my understanding, it is evident that the company's core operations are basic at their best, involving the collection and dumping of waste. They have neither the manpower nor the experience or even the expertise to convert waste into energy. It will be as good as establishing a new firm, and the only synergy that the two will have is that one will provide the other with waste.

BEST OUT OF WASTE (2/4)

Transcript

Ok so, do you support the investment decision?

Based on this reasoning, I am of the view that owing to the target company's incompetency, this will be an extremely risky and demanding investment for the PE firm. Hence, the PE firm should avoid investing.

Ok, thanks. We can close the case now.

BEST OUT OF WASTE (3/4)

Framework

Case Facts

1. Our Private Equity firm is focused towards Green investing.
2. The waste management company is a service oriented company, and doesn't possess technical knowledge to be able to convert waste into energy.

Recommendations

1. **For the PE Firm**
   Find more attractive investment opportunities, which match its vision and investment criteria
2. **For the Waste Management Company**
   If a foray in technical business in tough, discover expanding geographically, in the same business line.

Brownie Points

1. The interviewee takes into consideration the PE Firm's characteristics, and focus while investing.
2. The interviewee has given the conclusion in light of the existing capabilities of the company

Framework

Why?-Objective Behind the Investment

Financial	Synergies	Growth	Management
Source of Return	**Target Specifies**	**Industry Attractiveness**	**PE Firm Characteristics**
Operational Efficiency	Business Model	Market Size/Growth	Fund Size
Unlock Potential	Valuation	Profitability	Fund Style
Use Leverage	Management Capability	Barriers to Entry	Portfolio
	Product Service	Competition	IRR
	Willingness to Sell	Customers	Exit Period
	Market Share & Growth	Costs & Risks	
	Suppliers	Suppliers	

Outlined ones being satisfied in this case

BEST OUT OF WASTE (4/4)

Guesstimate

Firm's Revenue =(Household + Street Vendors + Commercial Establishments) X Market Share

Households

Total Population of Delhi	2			
Average Family Size	3			
No: of families	0.67			
Area of house	0-50 Sqm	50-200 Sqm	200 Sqm+	Unorganized
% of total families	60%	20%	10%	10%
No: of families	0.4	0.133	0.067	0.067
Collection Fee	50	100	200	0
Collection amt	20	13.33	13.33	0
Annual Revenue	560			

Street Vendors

No: of street vendors	2	
Organized/Unorganized	Organized	Unorganized
%	30%	70%
Number	0.015	0.035
Collection Fee	100	
Collection amt(monthly)	1.5	
Annual Revenue	18	

Commercial Establishments

Number of	Malls	Medical (Clinics, Hospitals, Chemists)	Retail outlets	HORECA	Educational Establishments
Per 10 Lac people	1	30	2000	200	20
Total Outlets	20	600	40000	40000	400
Collection Fee	75000	25000	500		
Collection amount	0.15	1.5	2	2	0.02
Annual Revenue	68.04				

Annual Revenue	646.04
Annual Revenue	70%
Annual Revenue	452.228

Assumptions

- Assuming an average family size of 3
- Assuming 4 categories of houses in terms of area occupied
- Assuming Collection Fee is a function of the area of the establishment, and varies directly with the size.
- Assuming the commercial establishments, as a number per 10 Lac people.

Scan the QR Code to access the Guesstimate Spreadsheet

Transcript

Your client is a PE firm looking to acquire an artificial jewellery-making company looking to expand online retail. They come to you to understand the way forward for this objective.

Alright, I would like to understand the client better before I proceed with my approach to devise a strategy.

Our client is Alpha Capital, a PE firm established 50 years ago. Since its inception, the firm has invested in varied industries ranging from EV, e-commerce, q-commerce and lifestyle and apparel brands.

What are the goals that the fund is aiming to achieve through this investment?

The firm is looking forward to maximizing profits and at the same time diversifying its investments to balance the risk proportions. Ideally, the investment option should have a high growth potential and some existing synergies with its existing business.

Fair enough. I would now deep dive into the potential investment. Could you tell me something about the artificial jewellery business?

They have been operating in Delhi and NCR regions of Noida and Gurugram for about 15 years. They have about 20 stores currently. They sell all types of jewellery - sets, necklaces, earrings, bracelets, etc. They specialize in modern Indian wear items.

I would like to begin by analyzing the attractiveness of this jewellery segment first. I will start by segmenting the industry. The jewellery industry in India has two major segments - precious metals and stone jewellery and artificial jewellery. Further, both categories have big-scale local players, small-scale local players, and branded players.

Ok great, further I would like you to estimate the revenue of the artificial jewellery firm from their current operations.

Okay, so I would proceed with assuming that the major difference in sales is considered by the two different phases in the year - the 30% of the complete year is the festive season and the remaining is the non-festive season. Since the jewellery firm is well-established in NCR, would it be fair to suppose that one store is visited by 15 customers and 6 customers every hour in the festive and the non-festive season respectively?

Yeah, that's fair enough.

Great, so the store will be visited by 21000 customers approximately, in a year. Now, if we look at the products offered by the firm. Should I consider all the items sold individually or consider them in sets? I am assuming that they sell two types of jewellery items- jewellery sets and items like earrings, bracelets, and necklaces, may I?

You can consider them in sets - one being jewellery sets and the other being items sold individually as earrings, bracelets and necklaces.

Alright. Considering their average bill values and the number of items purchased by a customer at a particular visit, we can come up with the revenue for one store, which comes to approximately Rs 28,900,000. Since all the stores are located in the same area, it would be reasonable to assume that all the stores are visited by more or less the same number of customers. Hence, the total offline revenue of the firm comes out to be Rs. 579,000,000. (Please refer to the guesstimate)

Alright, now this firm is planning to expand its operations in the online space and downsize the offline operations. What are the possible ways in which this can be done and which method would you suggest?

The company can choose to launch its own website or can collaborate with a fashion e-commerce platform. To get better traction and improve sales, collaboration would be better suited. The cost of listing the brand will comparatively be lower than the cost of setting up its own website alongside delivery logistics costs. With e-commerce, operations will no longer be limited to the Delhi and NCR region, thus multiplying the revenue.

Fair enough, I would like for you to estimate the revenue obtained from the online expansion as well.

Okay, I am assuming we are collaborating with a well-established fashion e-commerce platform, let us say that it is visited by 10,000,000 users in the festive season and 8,000,000 users in the non-festive season, out of which 40% visit the jewellery section and 15% of these visit the artificial jewellery section further. Considering the competition in this market, shall I assume that initially, only 10% of these users will be looking at the products from our brand in the festive season and 5% in the non-festive season?

Yes, these proportions are good to go.

Cool, so considering that 5% of these users will like our products and add them to their carts, and finally 10% of these will actually buy the item, the number of customers converted in a year becomes 48000, approximately. Now, to estimate the revenue I would like to assume that there will be a 10% decrease in the prices in online retail with respect to offline retail.

REAL INTEREST (2/5)

Transcript

Again, considering the average bill values and the number of items purchased by a customer at a particular visit to the website, we can come up with revenue which approximately is Rs 65,000, 000.

Great! Now I would like you to evaluate the investment into this business.

I would begin by taking into consideration the key metrics of this industry. The metrics taken into consideration would be the growth rate of the industry and the industry margins.
Considering the niche of the industry and the fact that precious metal jewellery is still the preferred choice of the masses, the CAGR would be nearly 7-8%.

Moreover, Considering the low cost of production, the profit margins vary from 30-50% depending upon the type of piece like a necklace, set, earrings, etc. Further, the company is planning to downsize some of its operations and expand into the online space. Considering these factors, there will be cost-cutting - in terms of the workforce employed, reduction in store maintenance costs, etc. Adding 10-15% to the profit margin. While collaborating with an e-commerce platform, the marketing budget would be more weighted towards social media and digital marketing - implying a ROAS of roughly 150%.

Considering the additional revenue of 25-30% that can be generated from the expansion plan, the acquisition of the artificial jewellery chain is the viable option and would justify the deal's value.

Alright, what according to you would be the risks involved in the acquisition of this business, and suggest methods to mitigate them?

The risks involved are mainly business risks and are as follows:

- Considering the expansion into the online space, the bargaining power of the consumers is much more, thus the prices of the products and the discounts offered need to be made competitive to ensure the required sales from the online segment.
- Considering that the e-commerce space is very commonly used by the Gen-Z population, Indian wear jewellery might seem irrelevant to them. Thus, the product line needs to be diversified and made to include western wear jewellery to cater to a wider segment of society.
- Thirdly, durable and costly packaging might be required to ensure that no damage is done to the items in the shipment process and that customers are satisfied

So, these are the jitters that our business will have to face in the short term, but what problems can our company encounter in the long term?

Our business can face the issue of being cyclical. In the future, our business can be pegged to the Indian wedding season, if the consumer base gets very concentrated. We can shift our focus to customizing and personalizing imitation jewellery. We should try to leverage rising fashion consciousness among teenagers to mitigate this risk. Along with this, we can also focus on the men's jewellery market which has huge upside potential going forward.

What could be the other possible solutions to this issue?

- We could use the Monthly Unique Transacting customers to analyze the monthly variance in revenue for the e-commerce store. It would help in defining trends pertaining to the cyclical nature of our business.
- We could reduce the overall expenditure on marketing, starting with funnels that have the highest CAC (Custom acquisition cost) and least conversion rates.

In addition to these, to maintain the AOV(Average order value) for the long term, we can start with a scheme of special credit points pertaining to our platform only. Buyers would get 10 points on ₹1000 shopping. This scheme will provide heavy discounts to customers that will facilitate increasing repeat orders. This will help in clearing dead stock, in turn solving the problem of high inventory. These products can be tweaked according to the present trends and designs to ensure product relevancy.

Considering all the facts related to the company in question, do you think this investment is viable for the client?

The investment seems a viable option considering the objectives of the firm. The firm can leverage its connections in the e-commerce and q-commerce fields and contribute to the success of the online expansion. The risk and growth potential are promising enough and in line as per the client's objectives.

REAL INTEREST (3/5)

Framework

Case Facts

- **PE firm** - established since 50 years
- **Heavily invested** in e-commerce, q-commerce and lifestyle and apparel business.
- **Investment plan**: In an artificial jewellery firm
- **Objectives of the firm:** Diversification of investment portfolio, risk complexion and profit maximization

Recommendations

- The acquisition of the artificial jewellery chain is the **viable option** and would **justify the deal's value.**
- **Diversification** in the product port-folio
- **Customization** of imitation jewellery

Brownie Points

- **Competitive prices** and products can be offered
- **Personalization** of imitation jewellery
- Increasing **fashion awareness** amongst teenagers
- Inclusion of **men's jewellery** which has a high growth potential

Target Specifics

- Current business is geographically restricted.
- Manufacturing and retail model of sales.

Sources of returns

- Offline channels- retail store
- Online channel - sales through website.

Characteristics

- Operating in Delhi and NCR
- Running since 15 years
- Currently have 20 offline stores.
- Retailing western and Indian wear jewellery sets and pieces
- Approx 3 Cr in revenues in offline business

Industry Specifics

- 7-8% CAGR
- 30-50% net margin
- Low cost of productions
- Majority target customers are Gen-Z for western wear jewels and millennials for Indian wear.

Guesstimate

Total Revenue from offline stores

	Festive season	Non-festive season
Avg customers every two hours	15	12
Customers in an year	= 30% (15*12*365)	= 70% (12*12*365)
Customers converted	50%	30%
Total customers converted	20893	

Jewellery types	Jewellery sets				Others					
	Necklace sets				Earrings		Bracelets		Necklace/chain	
Number of people	50%(20893) 10446				50%(20893)*90% 9402		50%(20893)*60% 6268		50%(20893)*70% 7312	
Average Bill Value	500	1000	2000	3000	200	500	300	500	500	1000
%age of people	40% 4178	30% 3134	20% 2089	10% 1045	60% 5641	40% 3761	50% 3134	50% 3134	50% 3656	50% 3656
No. of items per 2 customers	3	2	2	2	4	2	3	2	2	2
Total Sales	3*4178/2	2*3134/2	2*2089/2	2*1045/2	4*5641/2	2*3761/2	3*3134/2	2*3134/2	2*3656/2	2*3656/2
Total Revenue from one store (Average bill value*Total sales)	Rs. 13,579,800				Rs. 12,598,238					
	Rs. 26,178,038									
Revenue from 20 stores	**Rs. 523,560,756 (Approx. Rs. 52 Crores)**									

Assumptions

- 30% of the whole year is counted as festive season and the remaining as non-festive season
- By festive season, we mean the time during festivals and marriages.
- For all the 20 stores, the sales are approximately same
- Only 50% people actually buy the products in the festive season, and 30% in the non-festive season
- 50% of the people prefer to buy jewellery sets and others prefer to buy every kind of jewellery separately. Among those who buy jewellery separately, not all of them buy all the three products

Scan the QR Code to access the Guesstimate Spreadsheet

REAL INTEREST (5/5)

Guesstimate

Total Revenue from online channels

	Festive season	Non-festive season
Avg customers visiting the website everyday	10,000,000	8,000,000
Customers visiting artificial jewellery section everyday	=60%(10,000,000)*15%	=40% (8,000,000)*15%
Customers visiting the products of our brand	10%	5%
Customers adding items to their cart everyday	5%(60,000)	5%(24,000)
Customers adding items to their cart everyday	12*365*10%(3000)	12*365*5%(1200)
Customers converted every year	20893	

Jewellery types	Jewellery sets				Others					
	Necklace sets				Earrings		Bracelets		Necklace/chain	
Number of people	50%(48180) 24090				50%(48180)*90% 21681		50%(48180)*60% 14454		50%(48180)*70% 16863	
Average Bill Value	450	900	1800	2700	180	450	270	450	450	900
%age of people	40% 9636	30% 7227	20% 4818	10% 2409	60% 5641	40% 3761	50% 3134	50% 3134	50% 3656	50% 3656
No. of items per 2 customers	4	2	2	2	4	2	3	2	2	2
Total Sales	4*9636/2	2*7227/2	2*4818/2	2*2409/2	4*5641/2	2*3761/2	3*3134/2	2*3134/2	2*3656/2	2*3656/2
Total Revenue from one store (Average bill values*Total sales)	Rs. 30,353,400				Rs.					
	Rs. 26,147,286									
Revenue from 20 stores	**Rs. 56,500,686 (Approx. Rs. 5.6 Crores, 10.7% of the offline revenue)**									

Assumptions

- Of the total people visiting an online shopping website, 60% visit the jewellery section in the festive season and 40% in the non-festive season. Out of these, 15% visit the artificial jewellery section.
- 10% and 5% of the resulting number visit the products from our brand.
- Only 5% of them add the items to the cart everyday and further 10% of them actually buy on a day in the festive season and 5% in the non-festive season.
- All the prices are taken in accordance with a 10% decrease in the prices of offline retail.

Scan the QR Code to access the Guesstimate Spreadsheet

Transcript

Your client is a PE firm specializing in lower middle market companies in buyouts, recapitalizations, corporate carve-outs, restructurings, and bankruptcies. They are looking to acquire Willies Chocolate and aim to achieve 10% EBITDA Expansion within one year to justify the acquisition. They have come to you to understand the way forward for achieving the growth target.

I would like to understand the client better before I proceed to devise a strategy. What are the products Willies Chocolate offers and the sales channel they operate through?

Willies Chocolates, founded in 1950, is a legacy chocolate brand with a national presence. They have two products that are milk chocolate bars and gummy bears. They are present across all the channels including e-commerce, q-commerce, modern trade, and traditional trade.

Okay, so may I know the revenue of Willies chocolate, and what is the split between Milk chocolate bars and gummy bears? Along with that, what are the YoY growth of Milk chocolate bars and gummy bears?

The market size for Gummy Bears in India is Rs.1,500 Crores, for Milk chocolate, the same is Rs. 15,000 Crores. While we have 15% market share of Gummy Bears, we have a 20% market share for Milk Chocolate. The EBITDA margins of Gummy Bears are 8%, while for the milk chocolate, they are 14% from the MRP.

Okay, now how are our two products performing on a year-on-year basis?

The revenue from Gummy Bears grows at a rate of 10% YoY, while the revenue growth rate of milk chocolates is 15% p.a

Okay, based on the data, the revenue of the firm is around Rs. 3,225 Crore, Rs. 225 Crores coming from the 15% market share we have, and the Rs.3000 Crores being attributable to the 20% market of Milk chocolate captured by us.

On the back of a lower growth potential due to a small market size, and 8% EBITDA Margins, the product will not be able to contribute to our mission of 10% EBITDA expansion, and must be replaced with another product, which has a larger market size, is in line with the changing public preferences, and has better margins.

Now that you have advocated the closure of one product line, you must tell which one to replace it with. The client has three products in mind- protein bars, fruit- flavored candies, and Dark Chocolates. Which Option would you move forward with and why? Just to be clear we are indifferent to all the options and just need the reasons on which the decision can be made.

I will consider these options on two parameters, one is the EBITDA margin and the other is the growth prospects in the market.

Okay, so the EBITDA Margin is 20% for all these products, I would like you to focus on other factors.

I believe with the upsurge in fitness trends and growing demand for protein-rich substitutes suitable for all age groups, protein bars are the alternative I would move forward with as they have a wider appeal, and a greater market to cater to. Also the client's established brand name "Willies Chocolate", is likely to synergize with the marketing of Protein bars and customer loyalty can be an added advantage.

Okay Great! Since you are moving forward with protein bars, I would like you to calculate the market size for the same. (a similar guesstimate can be solved for the other 2 alternatives, however the filters might differ a bit owing to the nature of these products)

I would proceed with assuming that the market of protein bars is dependent highly upon age group and purpose of consumption which can be classified as health and fitness, and snacks. Also, it depends upon the income level of an individual because of the high price of protein bars.

Sure.

Now, since protein bars are nutrient-rich and healthy, they can be consumed by people of all age groups, and hence I will divide the entire population into 5 age brackets 0-6, 6-18, 18-30, 30-60, and 60+ however, the consumption will be negligible under the bracket of 0-6. I will further divide the population based on- Health and Fitness, and Snacking where health and fitness include people who are involved in high physical activity or use protein bars for meal replacement and weight gain.

Yeah, that's fair enough.

As per my calculations and assumptions, the consumer base for protein bars is 62 lakh individuals in urban areas and the number is 6 lakh in rural areas. Despite a greater proportion of people living in rural India, a relatively smaller number is likely to consume protein bars owing to low market awareness, constraints regarding income, and rigidity in tastes and preferences.

That's a reasonable number, what will be the next step?

CHOCOLATY AFFAIR (2/5)

Transcript

Now looking at the eating habit of people, I would categorize them in 3 categories- casual, frequent and regular eaters. Considering the frequency of people varying with their preferences, income level, and purpose of consumption, there are 2 crore bars consumed by casual eaters, 1 crore bars by frequent eaters, and 2 crore bars by regular eaters in a month. By taking an average price of Rs. 80 for one bar, we come up with a market size of approximately 5,601 Cr annually.

As per your calculations, the market size of Protein bars is 5,601 Crores. For now let us peg it at Rs.5000 Crores. Given the EBITDA Margins, and the company's goals, kindly tell me what percentage of the market shall the company capture, to be able to achieve the target.

As per my calculations, the company's EBITDA lies at Rs. 438 Crores, which is 13.5% EBITDA margin. If the company wishes to expand EBITDA by 10% in one year, it wishes to achieve an EBITDA of approximately 15%.

As the revenue from Milk Chocolates grows by 15% P.A, it will increase to Rs. 3,450 Crores, and the EBITDA from it will amount to Rs.483 Crores.

To achieve an overall 15% EBITDA, the minimum EBITDA to be earned from the Protein Bar Market is Rs. 96.6 Crores.

As mentioned, the EBITDA margins for protein bars is 20%, the revenue from this product should be Rs. 483 Crores.

Given that the market size is Rs. 5000 Crores, we must capture roughly 10% of the market within one year.

Great! Now can you tell me if this target is achievable and if yes, then what are your recommendations to achieve them.

I would recommend the firm to ramp up the sales network and its reach. As we are supposed to control our costs, I can only suggest that instead of ramping up marketing cost, one should focus on the product quality and hence, the target will be achievable.

Great, It was nice interacting with you. All the Best!

Thank you.

Framework

Case Facts

- Willies Chocolate’s best selling products are - Milk Chocolates & Gummy Bears.

Recommendations

- **Shutting down** the **production** of **Gummy bears** and launch **Protein Bars** as an alternate product in the market.
- Ramp up the **sales network** and its reach.
- Focus on the **product quality** instead of Marketing to achieve the **10% EBITDA** expansion.
- Because we have to focus on EBITDA expansion, we must go ahead with marketing activities which are cost efficient, such as targeted influencer and social media marketing, etc.

Brownie Points

- To be able to solve the case analyze the financials carefully.
- Give reasons qualitative along with quantitative reasons for choosing the product which is being shut down.
- Give good reasons for choosing the product.

Target Return of Investment: 10% EBITDA Expansion	Timeline: 1 Year

Investment Analysis

- **Customer Study**
  - Lifestyle Changes
  - Acceptability
  - Target Market: 18-30
- **Market Size**
  - Total Number of People- 0.63 Cr.
  - Total Units- 5 cr.
  - Average price of one unit- Rs. 80
  - Market Size = No. of Units*Average Price*12
- **Growth Drivers**
  - Increased Standard of Living
  - Rising Fitness Awareness
  - Rapidly growing industry
- **Synergies**
  - Makin use of previous acquisitions in the field of fitness
  - Well established brand name of “Willies Chocolate”
- **Risks**
  - Threat of possible new entrants
  - Approval by food regulatory authority
  - Taste & Preference of Customers

Financials

Exhibit 1

Particulars	Gummy Bears	Milk Chocolate
Market Size	1,500 Cr.	15,000 Cr.
Revenue	3225 Cr.	
Market Share	15%	20%
YoY Revenue Growth	10%	15%
Revenue Mix	30%	70%
Revenue in Rs.	225 Cr.	3000 Cr.
Net Profit Margin	8%	14%

CHOCOLATY AFFAIR (5/5)

Guesstimate

Total Population (130 Cr.)

	Urban		Rural	
	40%	52 Cr.	60%	78 Cr.

Division on the basis of income	0-2.5 Lakh p.a (30%)	15.60 cr		2.5-5 lakh p.a (40%)	20.80 cr		5+ lakh p.a (30%)	15.6 cr		
Market Penetration	50%									
Age Group	0-6		6-18		18-30		30-60		60+	
	10%	1.82 cr	15%	2.73 cr	30%	5.46 cr	30%	5.46 cr	15%	2.73 cr
Purpose: Health & Fitness	0%	0 cr	1%	0.03 cr	5%	0.27 cr	1%	0.05 cr	0.5%	0.01 cr
Purpose: Snacking	0%	0 cr	2%	0.05 cr	1.5%	0.08 cr	1%	0.05 cr	0.5%	0.01 cr

Total number of people who can consume protein bars including rural area: 0.63 Crore

Calculating the total consumption of bars	Health Purpose	Frequency	Snacking Purpose	Frequency	Total
Casual Eaters	70%	3	80%	1	5 Crore
Frequent Eaters	20%	10	10%	3	
Regular Eaters	10%	30	10%	8	

Average price of one protein bar	Rs. 80
Market size of protein bars (Urban Population)	4953 Cr
Market size of protein bars (Including Rural Population)	5201 Cr

Assumptions

- The population is divided upon the income level and people below the income level of 2.5 lakh are ruled out due to income constraint
- High Physical Activity includes people going either to gym or involved in outdoor sports or have active movement of body.
- It has been assumed that the population under the age of 6 have almost negligible consumption of protein bar.
- Market penetration means the accessibility of protein bars among the people.
- The consumers are categorized into 3 types- casual eaters, frequent eaters and regular eaters.
- The rural population that can consumer protein bars are taken as 10% of the urban population

Scan the QR Code to access the Guesstimate Spreadsheet

MERGERS & ACQUISITION CASES

CAREFUL! (1/2)

Transcript

Your client is a RootNet, is the largest telecom player in the world. The client has identified a particular arm of the business in a specific geographical location which they want to sell. They want us to conduct a due diligence study. How would you approach this and what would your considerations be?

V: Sure, I would like to begin with breaking down the analysis into 3 sections- Internal Analysis, Sell Options, Deal Execution and Implementation. I would like to know more about the client.

I: Ok sure, please go ahead

V: Yeah, so I'd like to start with internal analysis. I would like to understand what is the issue that is causing the client to sell of a business unit- is it based on external or internal factors?

I: So the client is looking to sell off their Indian business unit. While the unit has been extremely profitable, recent government regulations are favoring its Indian Competitors, who are able to offer services at comparatively lower prices. Company does not expect the policy to change anytime soon, and sees stagnant growth going forward.

V: So I understand this decision of theirs is supported by external factors such as government policies and competition's pricing, leading to lower growth. Can I understand the client's capabilities in this region?

I: The client owns multiple offices across the country, in Pune, Gurgaon & Bangalore. They have all necessary compliances and contracts to run business for the next 3 years, with all standard equipment required in this business.

V: Now that I have a clear idea of the client's reasoning behind selling and its capabilities I would like to understand the sell options the client has.

I: The client has multiple competitors & new entrants bidding on various percentages of majority stake ownership and the client needs to decide the best of options to sell.

V: Considering that the unit has been profitable before the new regulations, the client should look at the market economics and growth potential to understand what percentage of minority ownership would they like to retain.
Apart from ownership stake, the client needs to consider the capabilities and assets it owns and what would provide the best deal value.

We should further judge the competency and capabilities of our bidders to understand where could we have a synergistic handover with reduced transfer costs..

I: After deciding on selling a majority stake while still holding 49% of the unit what would be the next step towards completing the sell off?

V: We would next consider our deal execution and implementation considerations.
We need to categorize components of our business into critical and non critical, setting aside the critical part which cannot be transferred to the buyer.
We the need to consider the needs of the acquirer and what they require in maximizing their business benefit. Finally the staffing and organization restructuring needs to be implemented.
Emphasis needs to be on ensuring transparency for all stakeholders.

I: Thank you for your approach, I think we can end the discussion here.

Framework

Case Facts

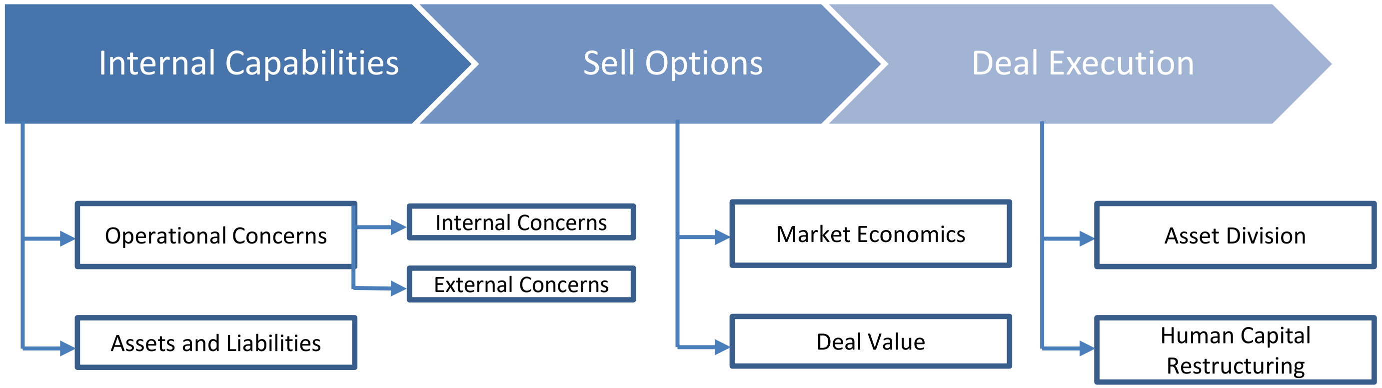
- Client is the largest telecom player in the world.
- Recent changes in government policies have strengthened the position of the competitors.
- Multiple bids were offered for buying the unit/ stake in the unit, however the company chooses to retain the minority stake of 49%.

Recommendations

- Ensuring capability, competency and synergy in business with the new acquirer.
- Ensuring complete transparency with stakeholders during the process.

Brownie Points

- Knowing the sell side due diligence framework
- Suggesting acquisition by an experienced player, to back company's growth.



CHIPS ARE DOWN (1/3)

Transcript

Your client, X is an electronics manufacturer and is unable to keep up with the demand for its electronic items. The massive surge in consumer electronics demand led to a shortage in the production of microchips. As a result, the supply was either limited or eliminated. Due to this, our client is considering buying company A, one that produces semiconductor chips. What are your considerations while deciding on a go/no-go strategy taking into account the quantitative benefit of our client.

Before moving forward, I would like to construct and validate a deal rationale. By acquiring firm A, the client could avoid competition, diversify their holdings, and ensure a sustained supply of semiconductor chips. We are talking about a backward integration, where, the acquisition would improve margins by reducing costs and creating operational synergies, that would, in turn, help to recover margins. Is there anything I'm overlooking here?

No. That's excellent. Please go ahead.

Sure. I want to break down the analysis into the following paths– our client company X, the target company A, the electronics industry, acquisition costs and risks, and an exit strategy. Since we both agree on the client and the situation, I'd want to focus on target company A as the starting point. I'm interested in learning more about the target's revenues and earnings, its suppliers, customers, operating margins, and competencies

Alright. Over the last few years, Company A has experienced a CAGR of 12%. Margins have also increased steadily; the current number is close to 40%. The company primarily sells to the client's competitors. The target is also well-positioned in the market and has strong supplier relationships

That's fantastic. The target business appears to be in great shape on both financial and operational front. Besides having corporate synergy, i.e., developing a regular supply of raw materials, the client will also enjoy additional revenues by selling the chips.

Yes, that's good. What next?

In this case, I feel external factors – operating conditions, business resiliency risks (as the technology keeps changing), all types of hazards due to toxic materials, and threats to intellectual property would be critical. It is vital that the client thoroughly analyses these considerations and map out any associated risks that might hamstring the acquisition.

Really good points. The target company operates within well-established operating procedures per all laws and safety standards, protecting its rights. Its ability to adapt quickly to risks and disruptions helps it tackle business resilience. So, these considerations, while extremely valid are not potential risks. What else would you look at?

I would like to understand how the market for electronics and semiconductor chips is evolving. Do we know the current size of the market, the profit margins, and the expected rate of growth/contraction? I'd also like to know a little about the anticipated competitor response and how we can best address it.

Okay. The Global Electronics market is valued at $1.06 trillions. This is expected to grow at a CAGR of 2.5%. Whereas Global Semiconductor market is valued at USD 429.5 Billion(approx.). This is expected to grow at a CAGR of 12%. The semiconductor chips are used in various end markets, including mobile devices, high-performance computing, automotive electronics, and the Internet of Things (IoT).

Okay. That's a good sign. So, even from the market perspective, there's enough potential for the client to pursue this opportunity. I would finally like to look at the financial viability of the acquisition.

For Acquisition analysis, I'll need the cost for this acquisition, also what is the producing capacity of company A and the market price of the semiconductor chip?

The cost of acquisition is 30,000 crores, and the production capacity of company A is 15 crore semiconductor chips per year but all these chips differ in their size. The average market price of each chip is around Rs.500.

There profit margin is 40% and they are producing 150 million chips at a market price of Rs.500.

Profit per chips = 40% of 500 = Rs. 200

Total Profit (in a year) = 200 * 15 crore = Rs. 3,000 crores.

I. So looking at this, according to you the cost of acquisition will get covered in 10 years?

CHIPS ARE DOWN (2/3)

Transcript

. As mentioned above company A also has CAGR of 12%, so taking that into account:

Profit in 1st year = Rs. 3,000 crores

Profit in 7th year = Rs. 5,921 crores (approx.)

P*(1+R/100)^7 (Principal = Rs.3,000 Crore, Time = 7 years, Rate of Interest = 12%)

Sum of Profits in 7 years = 30,000 Crore

Therefore, the cost will get covered in a span of 7 years.

For a more clear picture I'll have to look into the financial alternatives, the client's capability to fund it, and the nature of the transaction.

I. Good. That's an exhaustive analysis. I think we can end the discussion here. Well done.

CHIPS ARE DOWN (3/3)

Framework

Case Facts

- Client is an electronics manufacturer who are unable to keep up with the demand of it's electronic items.
- Client wants to **buy a company** that produces semiconductor chips and supplies to its competitors.
- Target has a **annual CAGR of 12%** over the past **3 years**.
- **Margin at 40%**
- Global **electronics market is valued at $1,062 billion** and is expected to **grow at a CAGR of 2.5%**

Recommendations

- Acquiring can help attain a competitive advantage.
- Carefully examine the acquisition's financial viability, considering the client's funding capacity and any available alternatives.

Brownie Points

- Revenue Estimation
- Acquisition Analysis

- Internal Need Analysis
  - Client Background
  - Client Focus
- Target Analysis
  - Target's Background
  - Target's Financials
- Due Diligence
  - Operational Practices
- External Market
  - Market Value
  - Growth Potential

TIME-2-RENT (1/6)

Transcript

Your client is a vacation rental company focused on short-term homestays and experiences. They have been growing in India but are looking to localize their company in the Indian markets. The management is looking at potential M&A activities for the same. You've been onboard as a consultant, and the client wants you to advise them on their M&A plans.

Alright, I would like to understand the client and the problem statement a little better.

- Do they have any specific targets in terms of revenue growth or is it for a strategic motive
- What do you mean by localizing the company?
- Do they own these places or just act as aggregator?

They do not have any specific target in mind. They are just looking to expand their business in India localizing here means improving our foothold in semi urban areas i.e., Increasing reach and accessibility to the customers.
The client owns a chain of 50 vacation spaces around India that offers short stay

What is the location of these vacation spaces and what are the most prominent customers of our client?

Out of the above 50 spaces, 45 of them lie in Tier 1 cities and the rest are spread across Tier 2 and Tier 3 cities.65% of our customers are people who prefer to stay in low-cost accommodations.

Also do we have any particular companies in mind that we can acquire?

Yes we have a prospective company in mind for acquisition, Zosle.

Okay, can you give me the details about Zosle and how we are going to finance the deal?

Zosle lease rooms and sell them under its brand name .They renovate the places according to its checklist of standard services and make the property a part of its "standardized budget staycation chain" . The main target customers for them will be the tourists that are looking for budget-friendly stays. They are looking to be acquired for Rs. 120 Cr. This will be an all-cash deal. These are all the details. Now you can start with your structure:-

So, in order to evaluate an acquisition, I would follow this 4-legged approach.
Financial feasibility-Here I would calculate the profitability value of the project using the NPV method or whether the acquisition results in accretion of EPS.
Operational feasibility-Challenges and problems that need to be tackled to undertake the entire process.
Synergies and fit-Advantages or opportunities that the company will have after this acquisition.
Risks-Any potential risks that need to be taken into consideration before going with the acquisition.

Okay , fair enough, you can start with the financial analysis.

Okay, so to calculate the financial attractiveness, I'll start with the estimation of market size of the accommodation industry in tourist spaces. If the addressable market is in line with our clients' line, then I can do payback period analysis for the acquisition and can compare it with the industry standards.

Fine go ahead with your approach for estimation of the market.

So to initiate my calculation, I'll start with places and then I'll multiply it with such tourism spots across India. I'll bifurcate these spots into three types. Spots with high, average and low footfall. These spots will be mainly focused upon eco, adventure, cultural and wildlife tourism . Then, after taking peak season into consideration, I'll calculate the yearly footfall at these places. Post that I'll add a filter of the percentage of people that will be using the rooms and the number of rooms that will be required by 2 individuals.

Okay, why have you taken rooms requirement according to 2 individuals. Nowadays there are a lot of people who travel solo and don't share room with anyone.

According to my assumption, the chunk of people travelling alone or solo is less, only 4-5% maybe and people prefer to travel along with friends and family, so in order to average it. I have taken it to be 2.

Okay fair enough continue with your approach.

Now I'll take into account the duration of the stay of these travelers, because people try to travel to these places over the weekends or on some long holidays. I have divided their stay duration into 1,2 and more than 2 days of stay. Given the spending nature of Indians, as they will be the major constituents that will be coming to these places, they will try to make their accommodations economical. So I have assumed around 60% of these will be using budget friendly accommodations within 10 sq. km of area. Post this I'll assume an average price of Rs. 1500, Rs. 1250 and Rs. 1000 for one night stay.

So how would you estimate the number of such spots across India? Also, it provides me with the final amount of market size too.

Transcript

Since the total area of India is around 3200 sq km with 29 states and 8 Union territories in India , I'll assume the average size to be 100 sq km., (Approximately-3000 sq km/assumption of 29 states). That is almost equivalent to the area of Telangana, taking it as a reference for the number of tourist spots. Similarly I'll assume the average size of UT's to be 40% of state. After plugging the numbers into the above filters the market size comes out to be around Rs. 20000 crores for affordable accommodations.

Okay he market size number looks fine . Let's say that Zosle will have a market share of .5% as it will face high competition from organized and unorganized segment going forward . Do payback period analysis from this information . Given that industries standard payback period is 10 yrs.

So, with .5% of the market share, our revenue would come out to be around the 100Cr and since peers such as the poyo have a profit margin of 15%, we can assume the same for Zosle too . Therefore, the profit comes out to be 15Cr and the cost comes to be 85Cr. Assuming that the cost and revenue structure will be same for the next 10 years. The payback period would be 8yrs. So this makes our deal financially attractive.

While going forward, what do you think could be the potential synergies of this acquisition?

Along with having access to new customers, this acquisition would provide us with a cross-selling opportunity in terms of pushing our staycation packages of far-located spaces to the customers. While going forward, we can also advertise and brand Zosle under our brand. This would reduce the marketing spends of the acquiree company.

Can you list some other benefits that the company can get out of this acquisition?

Since Zosle follows an asset light business model, a franchise-based business will help in avoiding a lot of major costs i.e., maintenance cost, licensing cost , etc.
-In future , the expansion plans will become much easier for clients. It will also provide you with an upfront cash payment while signing new businesses(staycation places) that will improve the cash position of the company. It will also help in avoiding unnecessary legal compliance and red tapism that is involved during the acquisition of land.

What do you think would be the risks associated with this acquisition?

The first risk that is associated with this deal is lack of standardization in due time of the properties that would come with this acquisition. The user experience might get affected if due attention is not given to the process. Another issue that might arise is the integration challenge as a post merger integration is essential to synergize the work of both companies.

Okay, you can close the case now.

TIME-2-RENT (3/6)

Framework

Case Facts

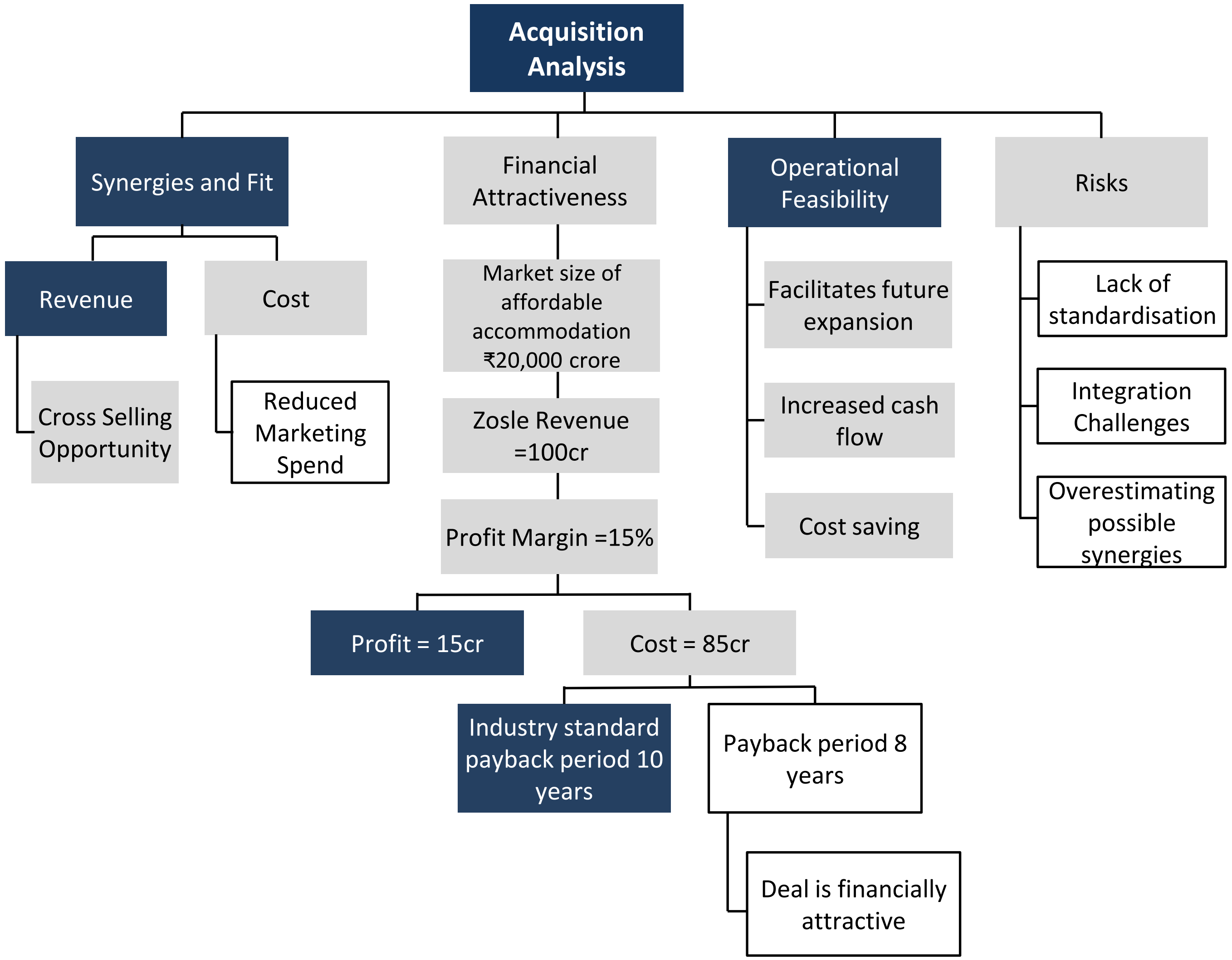
- **Overview** - Client is a vacation rental company in India who is looking to localize the company in India.
- **Current Scenario** – They own 50 vacation spaces in India.
- **Way ahead** – Looking to expand through a potential M&A activity.

Recommendations

- The Client is advised to go forward with ZOSLE as the potential synergies that come with the acquisition are in line with the client's interest. As, the deal is financially attractive too.

Brownie Points

- Assessment of financial attractiveness through buy back period analysis.
- Taking different prices into consideration for economical accommodations across India.



TIME-2-RENT (4/6)

Guesstimate

Division of tourist spots	High footfall	Average footfall	Low footfall
Monthly visitors	100000	60000	30000
Total visitors yearly	1200000	720000	360000
Visitors after taking peak season into consideration	1500000	900000	450000
Number of people that will be using accommodation places-70%			
People using accommodations	1050000	630000	315000
2 individuals will be sharing a single room			
Required Number of rooms	525000	315000	157500

Particulars	
People using accommodation at the places	70%
Affordable accommodation pricing	1500
High footfall tourist spots on an average in a state	3
Average footfall tourist spots on an average in a state	10
Low footfall tourist spots on an average in a state	20

Assumptions

- A peak season of 3 months at these places is considered.
- Now while visiting a tourism spot an average person would have either 1,2 or more than 2 days stay.
- Accommodations are divided into different categories according to economic affordability.
- Pricing of affordable accommodations will be Rs 1500 and lesser.
- Average basis each state will have 3 places with large footfall, 10 places with medium footfall and 20 with low footfall.
- Average basis each UT will have 1 places with large footfall, 4 places with medium footfall and 8 with low footfall.

Scan the QR Code to access the Guesstimate Spreadsheet

TIME-2-RENT (5/6)

Guesstimate

No. of days Stay and percentage wise allocation	1 night stay	2 night stay	2+night stay
	50%	35%	15%
	262500	183750	78750
Percentage of people using affordable accommodation within 10 square Km of area-60%			
People in pairs using affordable rooms	157500	110250	47250
Average per night cost for economical accommodations -Rs 1500			
Revenue Generation from affordable accommodation yearly	236250000	330750000	212625000
	779,625,000.00		
High footfall tourist spots on an average in a state-3			
87			
High footfall tourist spots on an average in a UT-1			
8			
Total high footfall tourist spots in India			
95			
Market size from high footfall tourist places			
74,064,375,000.00			
Rs. 74,000 crore			

No of days Stay and percentage wise allocation"	1 night stay	2 night stay	2+night stay
	55%	35%	10%
	173250	110250	31500
Percentage of people using affordable accommodation within 10 square Km of area-60%			
Number of people in pairs using affordable rooms	103950	66150	18900
Average per night cost for economical accommodations -Rs 1250.			
Revenue Generation from affordable accommodation yearly	129937500	82687500	23625000
	236,250,000.00		
Average footfall tourist spots on an average in a state 10			
290			
Average footfall tourist spots on an average in a UT-4			
32			
Total average footfall tourist spots in India			
322			
Market size of average footfall tourist places			
76,072,500,000.00			
Rs. 76,000 crore			

TIME-2-RENT (6/6)

Guesstimate

No. of days Stay and percentage wise allocation	1 night stay	2 night stay	2+night stay
	60%	35%	5%
	94500	55125	7875
Percentage of people using affordable accommodation within 10 square Km of area-60%			
Number of people in pairs using affordable rooms	56700	33075	4725
Average per night cost for economical accomodations-Rs-1000.			
Revenue Generation from affordable accommodation segment yearly	56700000	49612500	7087500
	113,400,000.00		
Low footfall tourist spots on an average in a state 20			
580			
Average footfall tourist spots on an average in a UT-8			
64			
Total low footfall tourist spots in India			
644			
Market size of low footfall tourist places			
73,029,600,000.00			
Rs. 73,000 crore			

Total market size of affordable accommodation - **Rs. 223,166,475,000.00 (Approximately- Rs. 20,000 crore)**

Transcript

Your client is a team of young coders, who are designing a social media as a response to the MetaVerse. The social media giant Famebook is moving towards creating a virtual reality, these coders aspire to promote more physical touch in this generation. Calculate the serviceable and target market size of their product considering the whole social media audience.

Famebook offers 100 million in the beginning of this year for acquiring a 90% controlling stake. Should the founders be comfortable in selling the company and if not, how much should they ask for instead?

I would like to begin by asking some clarifying questions about the client.

Sure, go on.

What is the history of this team of coders and where is this company based out of?

The founders are experienced graduates in CS and AI. The company is currently operating in the US and they started off the venture out of Texas.

What is the capital composition like for the startup? Are any of the founders looking to exit?

The startup is completely bootstrapped and the 3 co-founders have equal stake till now and none of the founders is planning to exit from the company.

What is the vision of the product and services provided by the startup?

In times when virtual reality and technological takeover has made it so easy to communicate and interact, the company envisions to promote and propagate the importance of physical touch. Their motive is to popularize the concept of meeting people in person.

What is the target population for this product? And how does the product function?

The target population is the proportion of people above the age of 18 years having internet and internet compatible devices. The product is an application having two main verticals. The first vertical is a preference based chatting platform, through which people can connect with more people having similar interests, liking and choices - in terms of movies, music, hobbies, art, professions etc - either through group chats or personal messaging. Further post a fixed number of hours of chatting, the app locks the chat and unlocks when you meet one of the people you are chatting with and post a real time picture with them.

Sounds interesting, what is the second vertical of this application?

The other vertical targets the younger population, people around the age of 16+. Under this vertical the company launches new trendy games every two months which can be played by people across genders and ages. Through this game, different leaderboards will be maintained, at the regional, national, global and community level. The points earned by a player is proportional to the number of people they meet. A certain number of points earned can be converted into cash to be redeemed via in app purchases or other purchases. To provide a holistic experience in the entire process, the company has its own experience centers where players can meet to experience the trending games and have playoffs in AR-VR mode. These experience centers will also act as the meet up hubs for the application users.

Now I'd like you to estimate the target market size of our client's product

Taking into consideration that the product is launched in the US only, we'll begin by dividing the population of the US on the basis of age. And since the population below 18 years of age is not our target market, dividing the remaining population among the age brackets of 18-30, 30-50 & 50+, gives us the total addressable market as 26 crores. Now we'll divide the population among these respective age brackets on the basis of internet availability and compatible devices.

What do you mean by compatible devices?

By compatible devices we mean smartphones, PCs, laptops, tablets, etc. electronic devices which are in a working condition for any social media app to run. Now assuming that the younger population has smart devices in better proportion as compared to the elder population, we get the Service Addressable Market as 21.9 Cr.

Is that the final target market?

Now, for the final target market, I'd like to further narrow down the service addressable market by taking people who use at least one social media, into consideration. Dividing the respective age brackets further according to this, gives us the Service Obtainable/Target Market as 17.1 Cr.

The target market estimation makes sense. Now how will you judge this deal?

Since the target market is sizable, the market attractiveness of the product is good. I'd like to judge the financial attractiveness of the deal and for that I will have to understand the objectives of the acquirer & whether it is aligned with our client's business objective or not.

VR FROM TEXAS (2/5)

Transcript

Sounds good, but we have no information on the objectives of the acquirer.

In that case, I'll start analyzing the synergies that can exist between the acquirer and our client. From the acquirer's point of view, it will get access to both the online as well as the offline market of our client. Offline famebook stores will be used to make the target population know more about Meta Verse, and in addition it will help in upselling the meta products at these places, which is the acquirer's objective.

From our client's point of view, the geographies & the customers of our client & the acquirer are complimentary, which will act as a revenue synergy.

Alright, and are there any risks associated with this acquisition?

Yes, the major risk is that the acquirer will be getting a 90% controlling stake in our client's company. This handcuffs our client from running the company as per their own vision. Also there will be an emotional risk associated with this acquisition.

Is there anything else that you'd like to analyze to judge this offer ?

Lastly, I would like to weigh the deal on its financial attractiveness. This can be further broken down into 2 aspects, the valuation we are currently getting for the deal, and the growth prospects going ahead.

Okay, to be able to analyze the financial attractiveness, please refer to exhibits 1 and 2 and tell me what you are able to judge from the same.

Exhibit 1 shows details of revenue and the valuation at which they were bought by Famebook, in the past 15 years. From quick math, I can judge that Fintagram was given a multiple of 12, Yopipe and 14.4, VROculip a 12.5, ChatsApp 11.3, and a whopping 16 to Vreels, its most recent acquisition,

Okay, what can you figure out from the second exhibit?

Second exhibit has the details of revenue and valuation at which competitor firms were acquired. Meet & Greet was given a valuation of 3 times its revenue, Let's meet was given a valuation of 12.5 times its revenue, Off-time was given a valuation of 15 times its revenue, Parkway 12.7 Times and Game-off, 13.3 times the revenue.

Okay, now, what would you conclude from this data set?

Referring to Exhibit 3, it is pretty clear that our business model is very close to what Game-Off's was, hence our valuation multiple's base should be nothing short of 13.3. On the upper side, given Famebook's recent acquisition, Vreels, 16 seems to be justified too. Hence, I would like to conclude that the company should be valued anywhere between $133 Mn on lower side to $150 Mn on upper side.

Historical data of acquisitions made by Famebook and the acquisition deals of similar firms, both point out to the fact that our company is being given an unjust valuation multiple.

Okay, can you give reasons for the same?

From the given information, I can only interpret that the scarcity of options, lack of prior experience and being a Texas-incepted company, away from the hustle-bustle and start-up hot spots such as California, could be a reason why Famebook pegged an unfair multiple to the company. Given the above mentioned synergies, this point of location bias becomes even more stronger.

Okay, can you delve deeper into the second factor while considering financial attractiveness?

Yes sure, the second factor which I'd like to consider is the growth of the company post acquisition, which I believe I have covered through the explanation of synergies earlier in the interview. The synergies are clearly outweighing the risks of the acquisition, and our company's offline meeting points might as well serve as experience centers for Famebook's VR gadgets

Okay, why do you think you should be concerned by the growth of the startup after its acquisition?

It is important to consider this aspect, as the founders are still retaining a minority stake of 10% in the company post-acquisition.

Recently a report stated that 50% of the tech-founders aren't able to take their company to IPOs and take a backseat within 3 years of inception. Could you state reasons behind the same, and also why would they want to retain a minority stake in the company?

I believe the M&A activity in this field has increased manifold, and tech startups being boundary-less and innovative, are quick to grow. The point is proven quickly, owing to the seamless reach and the bigger players are keen to fuel the growth, or eliminate their competition through the mergers and acquisition of these companies.

This could be one reason why founders take a back seat and sell their company for a hefty valuation. The others could be more qualitative such as getting too passionate about the project, which might not be economically viable, and hence giving up the power position under duress from investors.

There could be multiple reasons for the same, such as benefiting from the growth of the company, on the backing of acquisition by the largest social media player. While, the giant might want to retain the co-founders, as they seem to be the best fit to run the company, and a minor stake being the best manner to compensate them for the same.

Alright, this seems satisfactory, you may leave now, thank you!

VR FROM TEXAS (3/5)

Framework

Case Facts

- A team of coders based out of Texas has developed an application to popularize the culture of meeting people.
- Famebook offers to acquire the startup at $100 Mn, for a 90% controlling stake.
- The product has two aspects – one targeting the older population around 30+ and the other targeting the GenZ population which involves engagement through games.
- The company has experience centers where people can meet and experience the games in AR –VR.

Recommendations

- Comparing the past acquisitions by Famebook, the multiple offered are far lesser.
- The deal value should be between $130Mn to $150Mn
- The product synergies create great revenue and adaptability prospects for both the client and acquirer.

Brownie Points

- Estimating the range for the acquisition value using precedents.
- Analysing the potential future synergies with regard to product enhancement.

Objective to Evaluate the 10x Multiple

Proposed Deal Analysis

- Client Synergies
  - Complimentary Customer Base
  - Revenue Synergies
  - Industry Experience
- Acquirer Synergies
  - Access to Online & Offline Customers
  - Product Synergies with Experience Centres
  - Competition Disruption
- Financial Attractiveness
  - Revenue
  - Valuation
  - Post Acquisition Growth
- Risks
  - Founders losing 90% controlling stake
  - Loss of Vision for the company

VR FROM TEXAS (4/5)

Guesstimate

Estimating the target market by dividing on the basis of the age

Total Population = 35,00,00,000

Age Group	18-30	30-50	50+
%	20%	25%	30%
Total	7,00,00,000	8,75,00,000	10,50,00,000

Estimating the people having access to internet & compatible devices

as % of the respective age group	95%	90%	70%
Total (in cr.)	6,65,00,000	7,90,00,000	7,40,00,000
SAM	21,90,00,000		

Estimating the people using at least one social media

as % of the respective age group	90%	80%	65%
Total (in cr.)	6,00,00,000	6,30,00,000	4,80,00,000
SOM	17,10,00,000		

Assumptions

- Assuming the population of US to be 35 Crores
- Not targeting the population in the age group below 18 and assuming they form 25% of the total population of US
- By compatible devices we mean smartphones, PCs, laptops, tablets in a working condition for the social media to run

Scan the QR Code to access the Guesstimate Spreadsheet

Financial Exhibits

Exhibit 1: Fame Book's Previous Acquisitions					
Particulars	**2018**	**2018**	**2019**	**2021**	**2022**
Company	Fintagram	Yopipe	VROculip	ChatsApp	Vreels
Revenue	$100 Mn	$90 Mn	$200 Mn	$150 Mn	$500 Mn
Valuation	$1.2 Bn	$1.3 Bn	$2.5 Bn	$1.7 Bn	$8 Bn

Exhibit 2: Historical Deals of Competing Firms/Similar Firms					
Particulars	**2017**	**2022**	**2022**	**2022**	**2023**
Company	Meet & Great	Let's Meet	Off-time	Parkway	Game-off
Revenue	$ 1 Mn	$ 1.2 Mn	$ 0.8 Mn	$ 11 Mn	$ 9 Mn
Valuation	$ 13 Mn	$ 15 Mn	$ 12 Mn	$ 140 Mn	$ 120 Mn

Exhibit 3: About the companies	
Meet & Great	Chatting & planning celebrations
Let's Meet	Friend's chatting & planning application
Off-time	Creating off-site/fun act. with colleagues
Parkway	Offline date setting application
Game-off	Organise offline gaming meet ups

UNCONVENTIONAL CASES

ABRACADABRA (1/2)

Transcript

Your client has won a master key in Kellox's limited edition anniversary cookie box, this key can open all types of doors and lock, what can be done with this key?

I would like to understand if there are any restrictions on the usage of this key.

There is no restriction on the usage of this key. This key can practically open all types of locks and doors. It can be used as many times as needed.

Fair enough, as per my understanding, there can be two possible approaches for the client to pursue - an ethical and an unethical one. Which one of them should I dive into?

I would like you to first build upon the possible cases of unethical use of this key.

Sure. I can categorize the unethical uses of the master key under the following heads - Robbery, unoccupied property allocation amongst the needy, and leaking of question papers of the examination.

Okay, now can you explain to me the use cases of the master key in the above heads?

Yes, so first of all I would like to classify robberies into two categories- first, Residential and Public Robberies and second, Institutional Robberies. The first one would include breaking into houses, car theft, looting of wealth, etc. The latter includes robbery in banks, gas stations, convenience stores, and corporate offices. The other users can be kidnapping individuals, pets for ransom, etc.

Alright. What do you mean by asset & property allocation and leaking of question papers?

By asset and property allocation, I would suggest that the client can take over the possession of vacant houses and buildings that have been abandoned and do not have any legal owner. Further, they can allocate them to the needy and homeless, this property can also be utilized in building institutions like schools or colleges or rented out - adding to the client's monetary gains. Also, the key can be used to gain access to the area where the question papers are kept and thus, they can be circulated before the actual date of the exam.

Interesting. Now let us explore the ethical use of the Master key.

Okay, so for the ethical uses of the master key, one of the very first uses would be using the master key to help the people who have lost their original keys to their assets and have genuine proofs of ownership Further, I believe that the client can use this key to help the investigating officers solve urgent cases by granting them access to restricted offices, locations, etc. related to the case in question. Digital Content creation has become a widely practiced profession, so to gain views and be popular, the client, after taking permission, can record people's reactions to tricks using the master key and post them on digital platforms for personal gains.

Fair enough. Now, what are the other aspects we can look at while focusing on the ethical front?

The key can also be used to resolve the problem of food security and the black marketing of grains. The master key can help the client to unlock the doors of warehouses and granaries where the hoarded grains are stored for elicit uses. These grains can be sold at subsidized rates to the needy and poor. Finally, the master key can be used for setting free the hostages. Hostages might be prisoners of war, those kidnapped for ransoms, or people held for human trafficking and organ harvesting setting free the hostages. Hostages might be prisoners of war, those kidnapped for ransoms, people held for human trafficking and organ harvesting.

That's noble. Which according to you is a better aspect for the client to follow?

Sir/Ma'am, the answer to this question is a tradeoff between ethics and personal gains. While as a consultant to the client, I believe that the person shall follow the ethical way, as it will aid in sustained and holistic growth. He can encash through avenues like content creation and shoot into fame as well.

Thank You for your answers, we can close the case now.

ABRACADABRA (2/2)

Framework

Case Facts

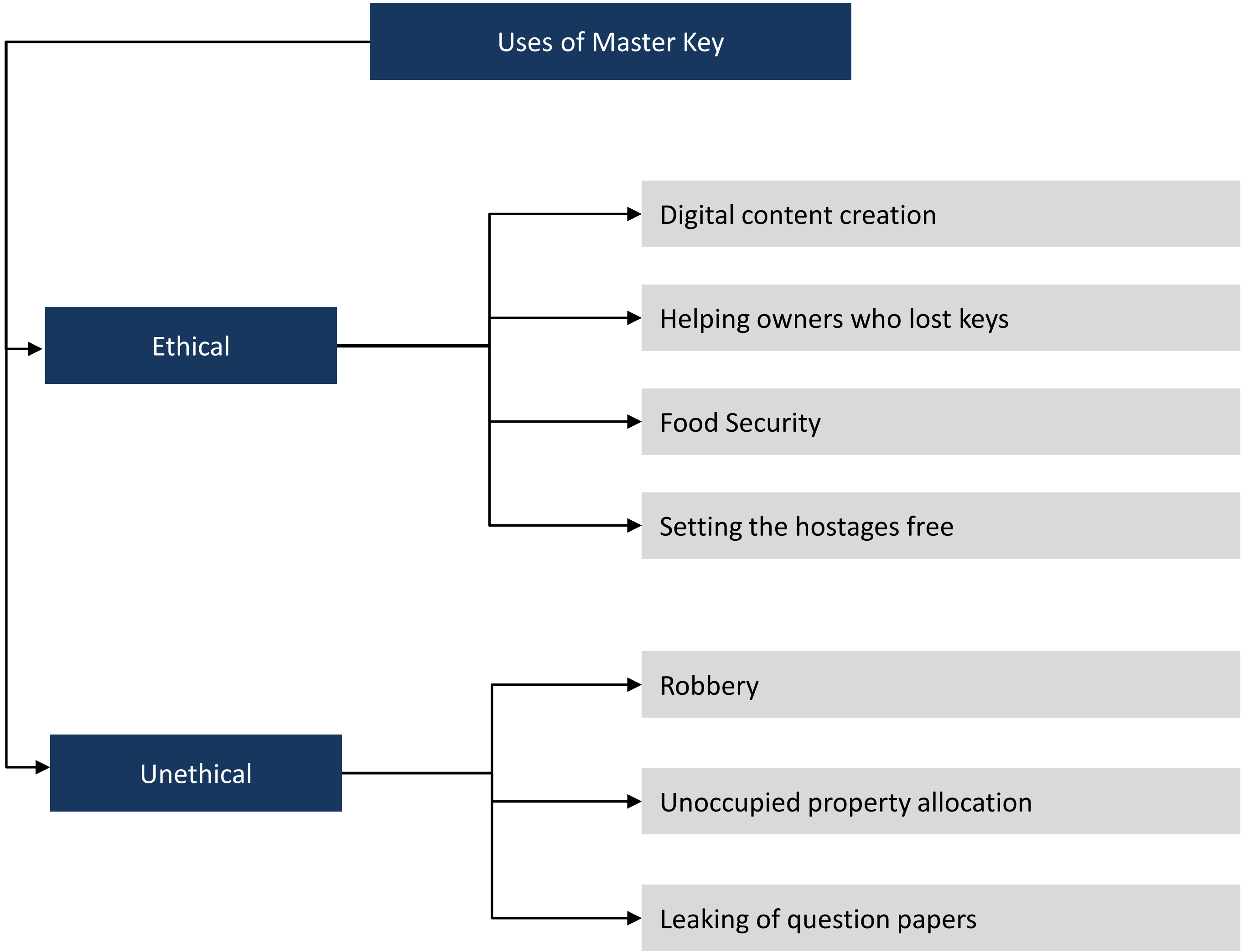
- The key is a master key, and can open locks of all sizes and types.
- The key was won in a cookie box, the recipient is free to use it, without T&C and any legal implications.

Recommendations

- The person shall use the ethical way out, as it will aid in a sustained and holistic growth. He can encash through avenues like content creation and shoot into fame as well.

Brownie Points

- Here's a wide spectrum of activities which can be carried on using the key, the interviewer must not limit himself to what's written in the case, and can give furthermore innovative solutions.
- Carefully answering this case interview can be helpful for the interviewee, and will help in showcasing his/her honesty, creativeness, ethics and moral
- Implications of each side if considered, might be helpful in showcasing interviewee's analysis skills



STREET JACKED (1/3)

Transcript

Your client is a momo stall vendor and wants to set his stall in a high street market. Help him come up with potential locations and then compare them to find an ideal location.

Sure. I would like to start by understanding the client better before I proceed to devise the strategy. What is our goal with setting up this stall also what kind of momo stall are we talking about in terms of the pricing of our momos.

The client wants to set up a stall, and with this they want to achieve a good market presence, a location which can help them to acquire/retain customers quickly. The pricing of the momos is in the range of Rs. 50-200.

Alright, so according the pricing can we assume that our client has a medium-sized stall. I'd also like to understand the business model on which our client operates, is it focused towards delivery/take-away or also offers eating at the stall option. Also what are the products that our client offers, is it limited to momos or other food options as well.

Yes, you are correct, our client is medium-sized stall owner. They offer both eating at the stall as well as the delivery/take-away option. The food products offered by our client are limited to momos but a variety of 20+ momos will be offered to the customers.

Okay, from my understanding of this business, some crucial factors which need to be considered while setting up the momo stall are:

1) Licensing/Permissions
2) Size of the Stall
3) Hygiene
4) Footfall Expectancy
5) Rent for the stall
6) Timings Allowed
7) Competition
8) Accessibility

Yes, all of these factors are indeed important to select the perfect location for the client. But for this case assume that the area available, time allowed & accessibility remain constant for all the location to focus on the key factors. How would you like to proceed with the rest of the factors?

For the same, I would like to ask, does the client have any favoured locations or we can strategize any location from the high street market.

Actually, the client has certain favoured locations and they would like you to come up with the ideal location amongst those itself. But first I'd like to see what all potential locations you can come up with.

According to me the potential locations for setting up a momo stall in a high street market are:

- XYZ Mall
- Garment shop
- Restaurant/QSR
- Pharmacy
- Unisex Salon
- Coaching Centres
- The Main Market

The locations you've considered are actually good and exactly what the client had in mind, so you can go ahead to compare them and find the ideal location.

For a finding a comprehensive location, I'll break my analysis into two parts: first analysing the qualitative aspect and then the quantitative/cost aspect. Do we have any information about these locations.

Yes, so we have some information for each location. XYZ mall is mid-range mall, and is not very busy. Garment shop is a readymade garment shop catering to every age and gender, unisex salon is a premium salon, coaching centre has working hours from 4-9 pm everyday,

For the qualitative aspects:

1. Let us begin with the licensing permissions - The locations for which our client may not get the licensing permissions are the Restaurant/QSR because of the conflict of interest. For rest of the locations the licensing cost may differ, which we'll address while analysing the costs.

2. Coming to the hygiene aspect, which becomes more important as we also offer eat at the stall option to the customers. Again the restaurant/QSR is not a good fit because of their nature.

3. Now talking about a pharmacy and it's hygiene, the customers will not like to eat at a place where sick people are in the proximity which might reduce the client's footfall. Coming to the competition factor, restaurant/QSR acts as a direct competition, and I believe main market is a place where many small eatery stalls are present which will be the client's competitors.

Nowadays, malls also have some mid-range stalls set up outside their entrances to attract crowd, hence competition persists here as well. Do we have any more facts for the locations relating to the hygiene factor?

STREET JACKED (2/3)

Transcript

Yes, we've come to know that the garment shop has a public toilet near it. From the above qualitative analysis is it safe to believe that we should not go ahead with setting up a stall near a restaurant/QSR and a pharmacy?

Yes, setting up a stall near restaurant/QSR & pharmacy does not seem feasible and since we know that there is a public toilet near the garment shop, we should not set up our stall there as well. Now shall I go ahead with analysing the quantitative aspect, if yes is there any information available for the remaining locations regarding that?

You may proceed with the quantitative aspects. The information available with us is related to the rent for a stall in each location which is, Rs. 10,000 near the unisex salon, Rs. 15,000 near the coaching centre, Rs. 25,000 near the Mall, and Rs. 12,000 near the main market.

Since we have the rent for each location, I'd like analyse each location separately, addressing the unisex salon first. Rent near the salon is quite low, which is good. But we do know that it is a premium salon and the people coming there might not exactly be our target audience.

Alright, makes sense.

- Setting up a stall near a mall is too costly, i.e., Rs 25,000 and we'll also have to consider that most of the people come to the mall to shop and eventually end up eating at the food court because of the convenience and the multiple cuisine options available. So even though the mall has a good footfall, all of them might not get converted to become our client's customers.
- Also the licensing cost for the same will be higher as Rent near the main market is actually very comfortable and we can be sure that the footfall will be high. But competition is the factor which we'll have to take into consideration as mentioned while comparing the qualitative aspects.

Yes, rightly pointed out that the main market has many stalls serving variety of street food including momos and thus, we'll have to face competition. So what do you suggest?

Let us first analyse the coaching centre as well. Rent near the coaching centre is decent, and the students studying are the target audience. Do we have any information on the classes for which the tuition is held and any other competition existing? And what exists in the neighbourhood of the coaching?

The tuition is run for the classes from 8th to 12th and there is no pre-existing competition near the coaching centre. Near the coaching, there is a market and some residential houses.

Analysing all the qualitative & quantitative aspects, I'd like to suggest that the stall should be opened near the coaching centre, because even though the rent is a bit higher than the main market but the footfall from the coaching centre will directly get attracted to the momo stall as no competition exists. The location we'll get will be hygienic and the client would still have the advantage of the footfall from the market and residential houses.

All of this makes sense, I think we can end the interview here.

STREET JACKED (3/3)

Framework

Case Facts

- Overview – Potential Location For Setting up Momos Stall in High Street market
- Industry Scenario – Highly Competitive for New Comers
- Modes of Operation – Dine in & Delivery
- Regulation – Might Differ according to different locations.

Recommendations

I would like to suggest that the momos stall should be set up near the coaching centre. The reasons for which are :

- High Footfall
- Higher Conversion
- No Pre-existing Competition
- Market and Residential houses in the Proximity

Brownie Points

- Both Qualitative and Quantitative factors should be taken into consideration to come up with a comprehensive analysis.

Ideal Locations

Potential Locations

- XYZ Mall
- Garment Shop
- Restaurant/QSR
- Pharmacy
- Unisex Salon
- Coaching Centres
- The Main Market

Coaching Centres

Factors

Quantitative Factors

Rent

Footfall

Licensing Cost

Quantitative Factors

- Licensing/ Permissions
- Size of the Stall
- Hygiene
- Timings Allowed
- Competition
- Accessibility

NETWORKING PRO MAX (1/4)

Transcript

Your client has recently opened a milk company by the name, Taza, and it would like you to optimise the distribution network for them.

Sure ma'am, I would like to begin by asking some preliminary questions. What is the price range of the milk sold, where all is the milk sold and what is the mode of transportation?

The milk is priced at Rs. 35 per packet, the company is operating only in the state of Madhya Pradesh as of now, and the primary mode of transportation is through trucks.

Ok ma'am, so if the price per packet is Rs.35, the price per litre should be Rs.70, as usually a packet is of 500 ml. Hence, the company is selling milk in the premium range, as mostly companies sell milk priced in the range of Rs.60-70.

Yes, accurately analysed. Let us begin to optimise the distribution network for them.

Sure ma'am, for that, I would like to ask about some data points, such as, how many trucks does the company have, how many points do they deliver the milk at, and what is the distance between the points

Right, so there are 2 trucks, they deliver their milk at 4 centers in Madhya Pradesh. Please note down the details of these points-
2 points in the north, 1 is 120 Kms away from the factory, and requires 20,000 Litres of milk, the second point is 90 Kms in north and requires 15,000 Litres of Milk, third point lies in the east of the factory, at a distance of 180 Kms and needs 10,000 Litres of milk, while the 4th point 150 Kms in the west and requires 15,000 litres of milk.

Okay, may I ask a few other questions pertaining to this data set?

Yes please go ahead.

So, why are there only 4 points of distribution, when our aim is to reach pan state and also how much milk can our trucks hold?

These 4 are the nodal points, from here the product is further distributed to the end sellers, by these distributors, this process takes approximately 30 mins. Trucks can carry 30,000 litres of milk each. I wish to tell you another observation made by the business owner, if the milk reaches the end sellers anytime after 8, the company loses 10% of its sales that day.

Okay, ma'am, may I ask when is the milk ready to be dispatched?

The milk is ready for dispatch by 3 AM in the morning. Now I would like to know your approach.

Yes, so as you mentioned, that the company loses 10% of that day's sale, when the product reaches the end seller, anytime after 8 AM, and it takes 30 mins for the distributor to distribute the product, so the milk should reach the distributors by 7:30 AM, within a time frame of 4 hours 30 mins.
In order to be able to optimize the network, time is of essence, hence I shall safely assume the average speed of the trucks to be 60 Kms/Hr.
As there are 2 points in the north, I will call the one nearer to the factory (90 Kms away), N1, and the one far away, N2. Before being able to identify the optimum route, I would like to ask the distances between the 4 points.

Yes, please note them down. Distance between:- East and N1 is 90 kms, East and N2 is 180 Kms, West and N1 is 90 Kms, West and N2 is 120 Kms. Now kindly suggest the optimum route.

I will be bifurcating the optimum network, by telling the journey to be undertaken by both the trucks separately. The truck 1 should leave the Factory, and go towards the Western nodal point, which is 150 Kms away and requires 15,000 Litres of milk, and then on to N2 from there, which is at a distance of 120 Kms, and requires 20,000 Litres of milk. Through this route, we will be able to satisfy the milk requirement at the Western Nodal Point (15,000 Litres), however, we will only be able to fulfill the requirement of 15,000 Litres at N2, where the total requirement is 20,000 Litres. Through we will be able to timely satisfy the complete milk requirement of the western nodal, and the 75% milk requirement of N2, by 7:30 (total transport time of 4 hours 30 mins).

Ok, fine, please go on to explain the suggested route for the second truck.

The second truck will leave towards the Eastern nodal point, and fulfill the requirement of 10,000 litres by 6 AM (in 3 hours) and then go on to N1 from there, travelling a distance of 90 Kms, and completing the milk requirement by 7:30 AM (jn 1 hour 30 mins). The truck will then move towards point N2, which is closer to point N1, the truck should reach the point by 8 AM, and fulfill the remaining requirement of 5000 litres.

Ok, are you sure you have chalked out the most optimum route?

Yes, ma'am, through this route, we will be able to timely fulfill the milk requirement of all the nodal points, however, we will witness a loss in sale of 500 Litres of Milk at point N2, where 5000 Litres of milk reaches at 8 PM. Subsequently it will reach the end sellers by 8:30, till then, as mentioned, many

Transcript

households would have picked up another companies milk.

Absolutely accurate, you have managed to reduce the loss in sale from 2000 Litres, to 500 Litres per day! Now I would like you to give some recommendations, so that even this loss of 500 Litres per day, could be done away with.

Yes ma'am, so in my opinion, the transportation fleet has to be increased, apart from this, as we seek to expand within Maharashtra, it would be great if we could identify more nodal points on the existing route, so as to increase the capacity utilisation as well as penetrate deeper in the target market. Timely delivery will ensure freshness, hence if initially more expense is incurred in lubricating the supply chain, the customer experience will enhance further, given that we are premium brand, customer experience is of great importance.

Agreed, thank you, the interview ends over here.

NETWORKING PRO MAX (3/4)

Framework

Case Facts

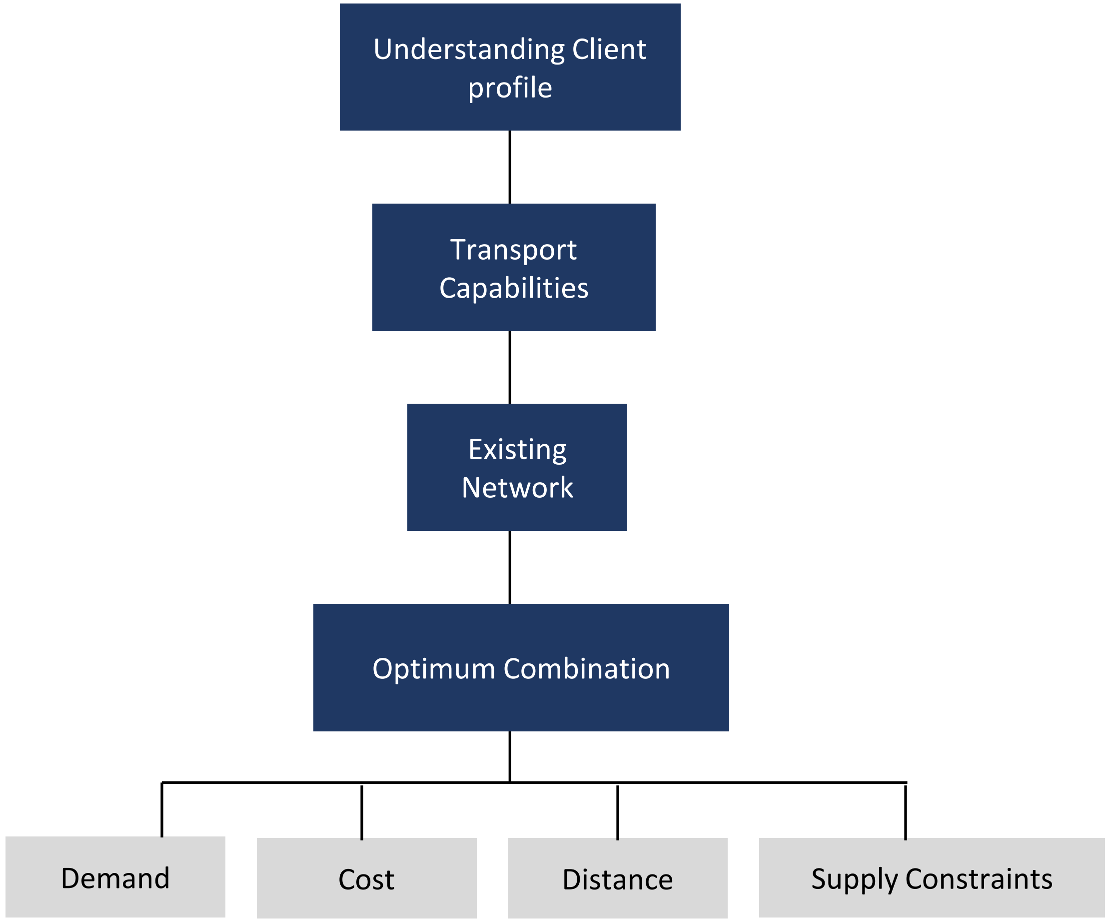
- Premium milk brand (Rs.70/Litre) , determined to capture the market of Madhya Pradesh.
- 2 Trucks of capacity 30,000 Litres each
- Milk is ready for dispatch at 3 AM.
- Time taken by the nodal distributor, to distribute to the end seller is 30 mins
- Any amount of milk reaching the end seller post 8 PM will lead to a sales decline of 10% for that day and quantity.

Recommendations

- Expanding the transportation fleet.
- Identifying and adding more nodal points
- Keeping a variable cost for transportation, and ensuring timely, i.e. delivery of fresh product in the initial period

Brownie Points

- Coming up with an accurate representation of the network
- When questioned upon the accuracy of the optimum network, giving a brief explanation of the second best network, so as to compare the loss arising from both, and which is better.

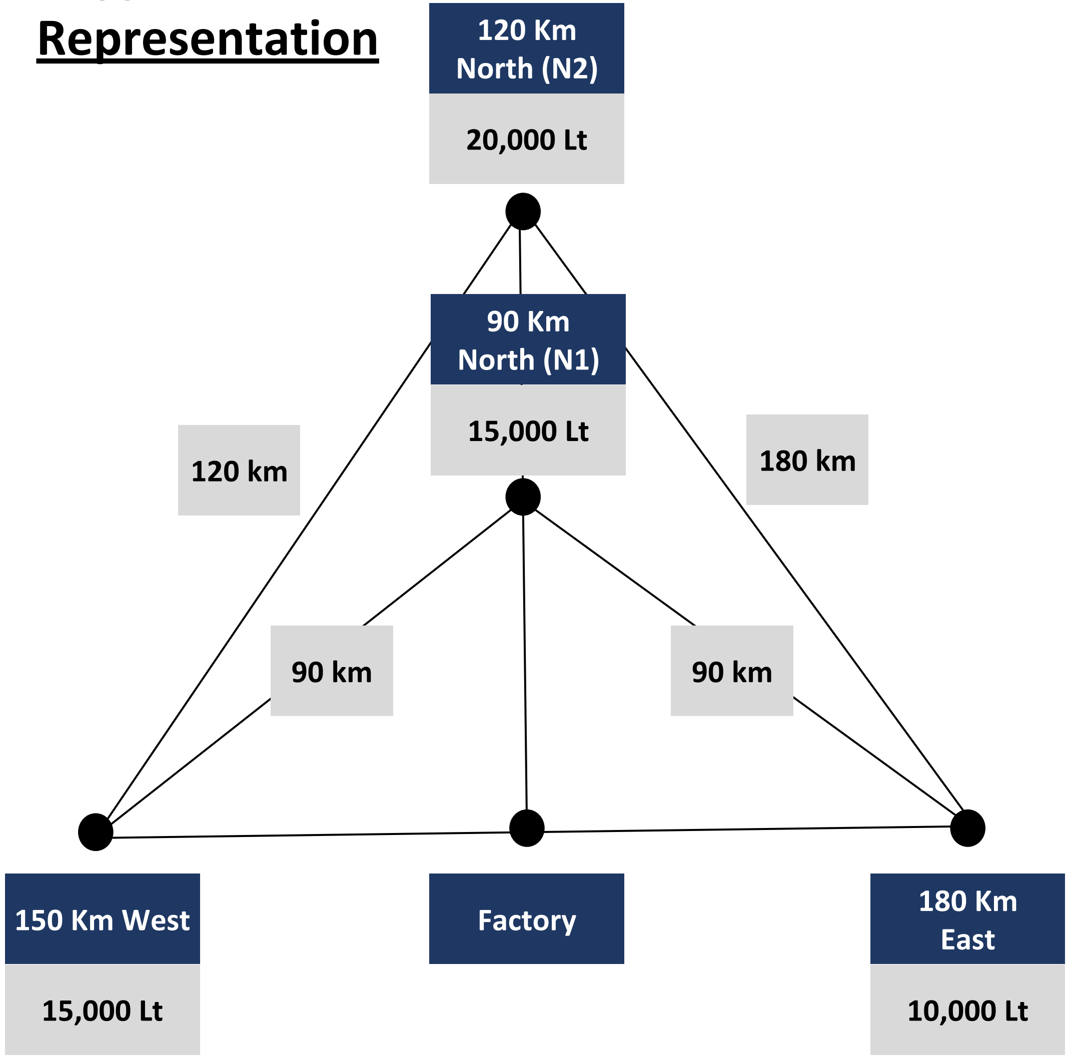


Exhibits

Exhibit 1

Points	Distance From Factory	Milk Requirement	Points	Distance Between Points
North 1 (N1)	90 Kms	15,000 Ltr	East & N1	90 Kms
North 2 (N2)	120 Kms	20,000 Ltr	N2 & East	180 Kms
East	180 Kms	10,000 Ltr	West & N1	90 Kms
West	150 Kms	15,000 Ltr	West & N2	120 Kms

Suggested Representation

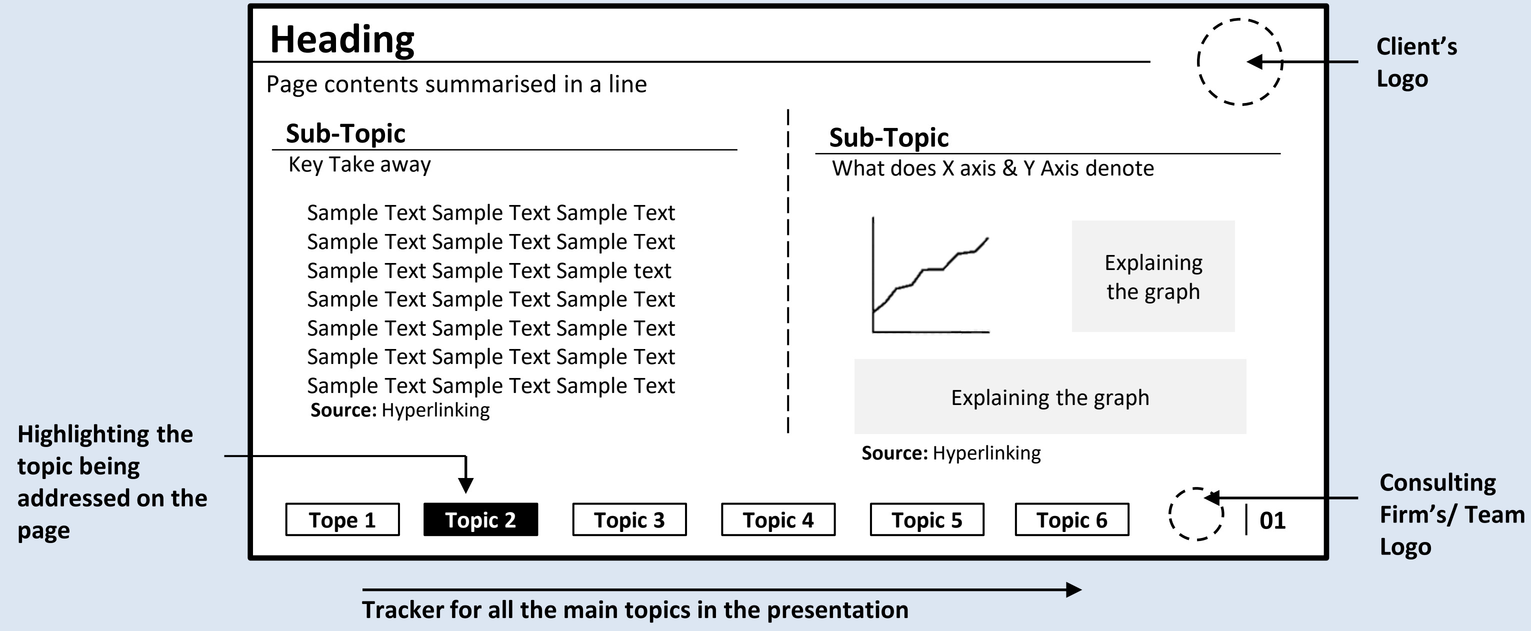


CASE COMPETITION GUIDE

CASE COMPETITION GUIDE

Presentation Guide

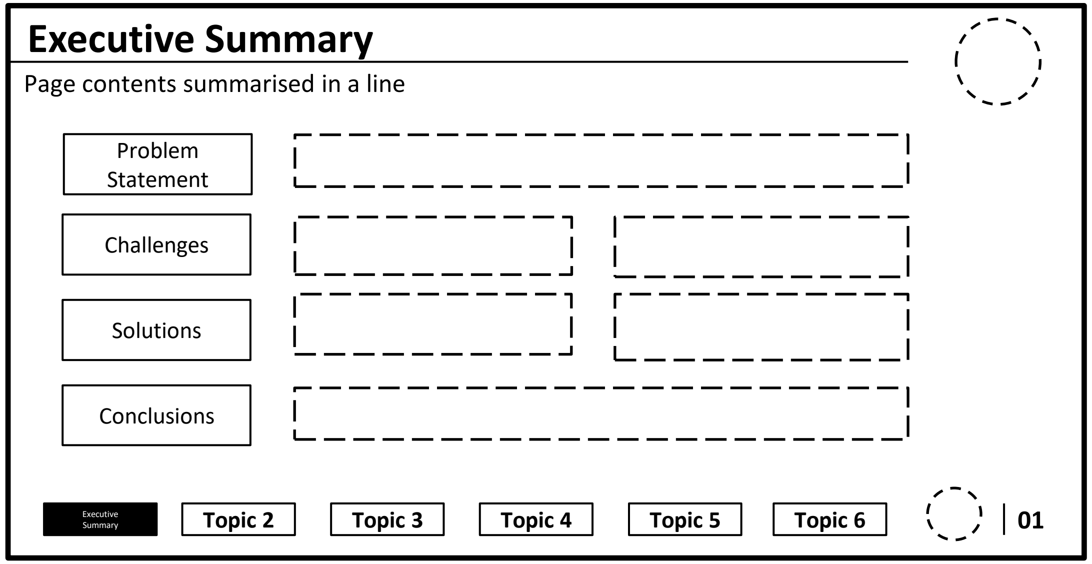
Case competitions provide a near real experience of consulting projects, owing to the short deadlines, designs serve greater importance and have a great weightage in the solutions' overall appeal. Following is how a typical consulting deck's slide should look:-



Presentation Guide

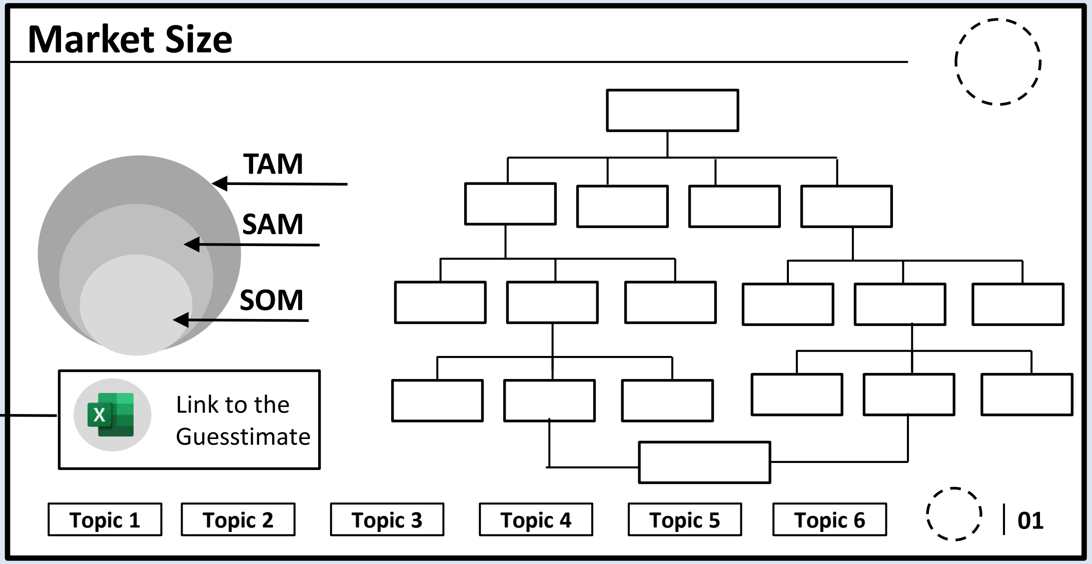
Colour’s Matter!

- Avoid using primary colours and go with smoother colours, and use the variants from within the same palette.
- Try using the clients’ brand’s colour scheme.



Add numbers of TAM, SAM & SOM in each of the circles

Link a well designed, self explanatory guesstimate’s link



Represent the Guesstimate through a flow chart, while making sure each step is clearly depicted

COMPANY INTERVIEWS PROCESSES

COMPANY INTERVIEW PROCESS

Accenture Strategy

Accenture Strategy operates at the intersection of business and technology. Vault ranks it as the 5th best strategy consulting firm. It offers consulting services in strategy, operations, technology and HR.

FIRM OVERVIEW
•Acquisitions - SBC, Kurt Salmon, 2nd Road, Javelin Group, Seabury Group, Axia Limited (6 acquisitions in past 2 years). • Accenture Strategy is primarily focused on strategy. Other Accenture divisions focus on implementation. • Industry specializations - 15 different focused industries, including media, energy, life sciences, banking, health, public service, etc.

INTERVIEW FORMAT	INTERVIEW DETAILS	CAREER PROGRESSION
First Round: • On Grounds –Two Interviews (conducted with a manager in a typical case format) • Less quantitative **Second Round:** • On-Grounds- Conducted by at least one Managing Director •Focus on –Style, structure, and communication are key	•Traditionally recruits on grounds for its strategy and operations, federal and IT strategy practices •Looks for well-rounded candidates who demonstrate a passion for creating client value through practical, implementable solutions	1. Managing Director 2. Senior Manager 3. Manager 4. Consultant (Post MBA) 5. Analyst

A.T Kearney

A.T. Kearney is a global team of forward-thinking, collaborative consultants that deliver immediate, meaningful results and a long-term transformational advantage to clients and colleagues

FIRM OVERVIEW
Traditional strengths are in operations with an increasing presence in strategy and private equity • Strong momentum since management buyout from EDS in 2005; ambitious growth strategy as part of Vision 2020 initiative to double firm revenues by 2020 • Diverse, collegial, and non-hierarchical work environment • Strongest industry verticals: Consumer, Industrial, Retail, and Public Sector Energy (CIRP); Financial Services Growing

INTERVIEW FORMAT	INTERVIEW DETAILS	CAREER PROGRESSION
First Round: • Case (Manager) – 45 min • Behavioral (Partner/Principal) – 45 min **Second Round:** • One 90-minute case interview • 60 min prep; 30 min present (Partners) • Two behavioral interviews (Partners)	• Tend to be graphics heavy • Will often provide immaterial data to force candidates to sift through information • Delivery of case matters as much as actual case analysis/conclusion	1. Partner 2. Senior Manager 3. Manager 4. Associate 5. Business Analyst

COMPANY INTERVIEW PROCESS

Bain & Company

Bain & Company is an American management consulting company headquartered in Boston, Massachusetts. The firm provides advice to public, private, and non-profit organizations. It is a global consultancy that helps the world's most ambitious change makers define the future.

FIRM OVERVIEW

- Generalist, home-staffing model with expertise across all major industries and functions
- Redefined boundaries of traditional consulting by introducing "tied economics" arrangements with some clients, pioneering strategic consulting for PE clients, and launching Bain Capital and The Bridgespan Group
- Emphasis on people: dedication to work/life balance, career flexibility with international transfers and "Take Two" breaks

INTERVIEW FORMAT	INTERVIEW DETAILS	CAREER PROGRESSION
First Round: • Two 45 minute interviews • 5 minutes behavioral questions each • 30-40 minutes for case **Second Round:** • 45 minute case • 45 minute behavioral • 2 hour written case (1 hour prep, 1 hour read out)	• Tends to be graphics heavy • Will often provide immaterial data to force candidates to sift through information • Delivery of case matters as much as actual case analysis/conclusion	1. Associate Consultant (Undergrad) 2. Consultant (MBA) 3. Case Team Leader 4. Manager 5. Principal 6. Partner

Boston Consulting Group

Boston Consulting Group is an American global management consulting firm founded in 1963 and headquartered in Boston, Massachusetts. It partners with leaders in business and society to tackle their most important challenges and capture their greatest opportunities

FIRM OVERVIEW

- Generalist model; specialization not expected in first 4 years
- Based in Boston, MA; 6,200 consultants (12,000 total staff) in 85 offices globally

INTERVIEW FORMAT	INTERVIEW DETAILS	CAREER PROGRESSION
First Round: • Two 45 minute interviews • ~5 minutes behavioral questions each • 30-40 minutes for case **Second Round:** • Two 45 minute interviews • 5 minutes behavioral questions each • 30-40 minutes for case	• Usually at least one exhibit per case; fairly intuitive/ understandable • Testing on creativity to a larger degree than most other firms	1. Associate (undergrad) 2. Consultant (MBA) 3. Project Leader 4. Principal 5. Partner

COMPANY INTERVIEW PROCESS

Dalberg

Dalberg Global Development Advisors is a strategy and policy advisory firm. Founded in October 2001 by Henrik Skovby and Søren Peter Andreasen. It now has 24 offices worldwide. Dalberg has worked in over 90 countries with over 400 clients including governments, foundations, international agencies NGOs, and Fortune 500 companies.

FIRM OVERVIEW

Consulting for the development space.
Typical clients include Governments, NGOs, impact funds, private companies looking to work in the development space.
Types of consulting services offered - mostly strategy
Strategy vs implementation: mix of both. But more strategy than implementation.

INTERVIEW FORMAT	INTERVIEW DETAILS	CAREER PROGRESSION
There was a written application followed by **two rounds** of interviews, with two interviews per round. Each interview consisted of an introduction including some personal questions which was followed by one case study per interview	Looking for people who put impact first Dynamic problem solvers, effective communicators, and committed to social impact	1. Consultant 2. Senior Consultant 3. Project manager 4. Senior project manager 5. Partner

Deloitte Consulting

Deloitte Consulting is one of the largest consulting firms with more than 700 consultants and an ambition to be the leading Danish consultant in IT strategic consulting. Globally Deloitte has more than 68,000 professionals.

FIRM OVERVIEW

- National Staffing; network within the firm to get staffed on projects of interest
- Generalist model for first 1-2 years, then specialize in industry or service line
- Headquarters in New York, NY; 30,000 consultants with offices worldwide

INTERVIEW FORMAT	INTERVIEW DETAILS	CAREER PROGRESSION
First Round: • 30 minute behavioral • 30 minute case **Second Round:** • 2 45 minute cases • 90 minute group case	• Cases are interviewer led • Expect specific questions from your interviewer and several charts/pieces of data	1. Business Analyst & Consultant (Undergrad) 2. Summer Associate (MBA Internship) 3. Senior Consultant 4. Manager 5. Senior Manager 6. Principal, Partner, Director

COMPANY INTERVIEW PROCESS

EY Parthenon

EY-Parthenon is Ernst & Young's global strategy consulting arm. It is one of the largest global strategy consulting organizations, with more than 7,700 professionals. They help CEOs and business leaders design and deliver transformative strategies across the entire enterprise, to help build long-term value to all stakeholders

FIRM OVERVIEW

- Founded in 1991 by 2 Bain consultants – John Rutherford and William Achtmeyer
- Look to hire 'smart', 'nice', and 'driven' individuals
- Works in multiple sectors such as consumer, education, financial services, healthcare, life sciences, oil and gas, private equity, etc
- Global leaders in education consulting

INTERVIEW FORMAT	INTERVIEW DETAILS	CAREER PROGRESSION
First Round: •A 30-minute recruiter call primarily focused on fit and behavioral questions. **Second Round:** • Two 30-minute interviews with a consultant or a manager at the firm. One is a behavioral interview and the other is an individual case interview.	• The classic study, recommendations, defend approach is utilized by interviewers • Look for specific personality traits like accountability, team player along with critical thinking and logical skills	1. Associate 2. Senior Associate 3. Principal 4. Senior Principal 5. Partner

KPMG Strategy

KPMG International Limited is a multinational professional services network. KPMG's strategy services are focused on improving value for clients and enabling the pursuit and fulfilment of goals and ambition

FIRM OVERVIEW

- Generalist model; specialization not expected in first 3-5 years
- 300 strategy consultants nationwide as of June 2016
- 180,000 employees firm-wide, with 37% of business from consulting
- Flexible on location choice; national staffing model

INTERVIEW FORMAT	INTERVIEW DETAILS	CAREER PROGRESSION
First Round: • Two 45 minute interviews • 5 minutes behavioral questions each • 30-40 minutes for case **Second Round:** • Three 45 minute interviews • 2 case interviews (30-40 min. cases) • 1 behavioral interview	•Exhibits are typically provided orally to test information organization • Strong focus on well-organized recommendations • Will often ask follow-up questions to recommendations	1. Summer Associate (MBA) 2. Senior Associate 3. Manager 4. Director 5. Principal/Partner

COMPANY INTERVIEW PROCESS

L.E.K Consulting

L.E.K.

L.E.K Consulting is a global management consulting firm that leverages its deep industry expertise and uses analytical rigor to solve its clients toughest and most critical business problems

FIRM OVERVIEW

- Generalist model with specialization possible after one year
- Expertise across all industries and functions, with limited presence in implementation • Heavier focus on private equity due diligences
- Office-based staffing model limits travel
- Team management responsibility early in career
- Opportunity to transfer to international office

INTERVIEW FORMAT	INTERVIEW DETAILS	CAREER PROGRESSION
First Round: • Two 45 min interviews with both fit and case components • One case on business strategy, one on quant (most likely market sizing) **Second Round:** • Two 45 minute cases • One 30 min written case (with additional 60 mins of prep)	They see how you approach specific business problems, marshaling data and your own experiences to reach and defend a conclusion	1. Associate (undergrad) 2. Associate Consultant (undergrad) 3. Consultant (MBA) 4. Manager 5. Principal 6. Partner

McKinsey & Company

McKinsey & Company

McKinsey & Company is a global management consulting firm founded in 1926 by University of Chicago professor James O. McKinsey, that offers professional services to corporations, governments, and other organizations.

FIRM OVERVIEW

- National Staffing; push for Tuesday-Thursday travel when client-approved
- Generalist model, but can also specialize earlier if desired
- 11000 employees in 110 offices globally

INTERVIEW FORMAT	INTERVIEW DETAILS	CAREER PROGRESSION
First Round: • Two 45 minute interviews • 10 -15 minutes behavioral questions each • 30 minutes for case **Second Round:** • 3 Interviews • 30-40 minute case, 10-15 minute behavioral	• Will go very in-depth into one very specific bullet point on your resume for the behavioral portion • Interviewer-led with very distinct phases.	1. Business Analyst 2. Associate 3. Engagement Manager 4. Associate Principal 5. Partner

COMPANY INTERVIEW PROCESS

Strategy&

Strategy& is the strategy consulting business unit of PricewaterhouseCoopers, one of the Big Four professional service firms. It helps clients solve their issues from strategy through to execution.

FIRM OVERVIEW

- Regional Staffing with some national/global optionality
- Specialization required, but movement within industries/functions possible
- Based in New York City; ~3000 employees in 57 offices globally

INTERVIEW FORMAT	INTERVIEW DETAILS	CAREER PROGRESSION
First Round: • Two 45 minute case interviews w/ managers • 5 minutes behavioral questions each • 30-40 minutes for case **Second Round:** • Two 45 minute case interviews w/ Partners • 5 min behavioral ques • 30-40 minutes for case	• First round cases are typically shorter • Interviewers pay attention to communication as well as performance on the case • An interview buddy will be assigned after passing the first round • Second round cases last longer and more exhibits can be expected	1. Associate (undergrad) 2. Senior Associate (MBA) 3. Manager 4. Director 5. Partner

BUSINESS ANALYSIS MODELS

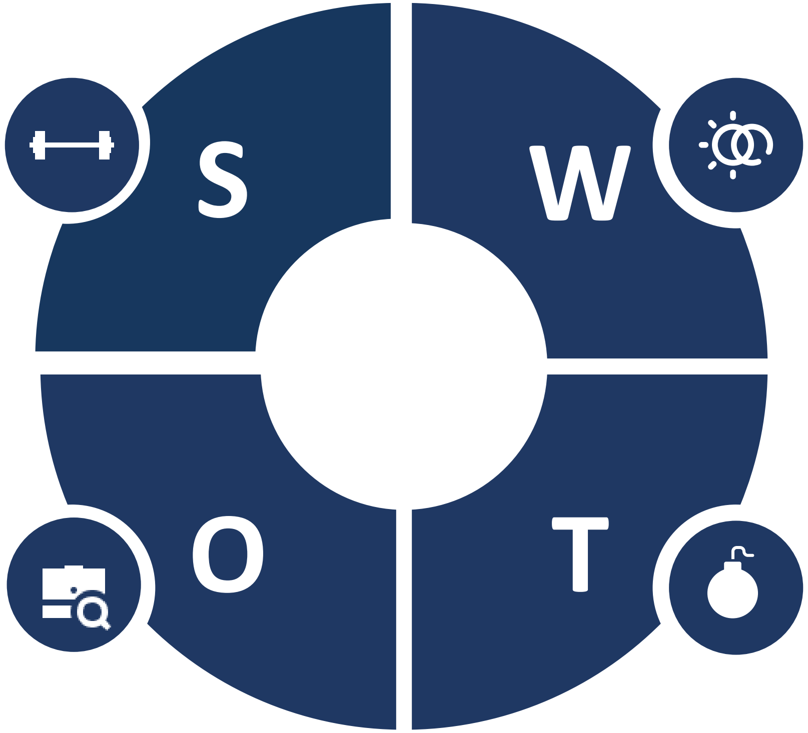
SWOT ANALYSIS

FRAMEWORK

SWOT (strengths, weaknesses, opportunities, and threats) analysis is a method for identifying and analyzing internal strengths and weaknesses and external opportunities and threats that shape current and future operations and help develop strategic goals.

Strengths

Strengths describe what an organization excels at and what separates it from the competition: a strong brand, loyal customer base, a strong balance sheet, unique technology, and so on.



Weakness

Weaknesses stop an organization from performing at its optimum level. They are areas where the business needs to improve to remain competitive: a weak brand, higher-than-average turnover, high levels of debt, an inadequate supply chain, or lack of capital.

Opportunities

Opportunities refer to favorable external factors that could give an organization a competitive advantage. For example, if a country cuts tariffs, a car manufacturer can export its cars into a new market, increasing sales and market share.

Threats

Threats refer to factors that have the potential to harm an organization. For example, a drought is a threat to a wheat-producing company, as it may destroy or reduce the crop yield.

SWOT ANALYSIS

EXAMPLE

Apple Inc. is an American multinational technology company headquartered in Cupertino, California, United States. Apple is the largest technology company by revenue (totaling US$365.8 billion in 2021) and, as of June 2022, is the world's biggest company by market capitalization

STRENGTHS

- **Research & Development**
Apple puts dedication into its product designs. extensive research is performed to understand customer needs and market trends. Apple spends about 7% of its revenue in R&D.
- **Brand Of Choice**
It is a favorable brand especially among creative professionals. It offers top-quality technology solutions for every corporation's needs

WEAKNESS

- **Limited Advertisement & Promotions**
Apple marketing relies heavily on its flagship retail stores, it does not spend towards advertisement in comparison to other big brands.
- **Entering into Area of Non-Competency**
It is rapidly expanding into new services such as video content streaming, game streaming, payment services

OPPORTUNITY

- **Expanding into Chip Manufacturing**
Apple it's going to start manufacturing its own chips and semi-conductors going forward, competing with Intel and Broadcom etc.
- **Expansive Distribution Network**
It can generate higher revenue if it focuses on creating an expansive distribution network. Furthermore, the company can benefit from diligent marketing and promotions

THREATS

- **No Effective Countermeasure for Air Tags**
While Apple's AirTags are meant to help people find frequently misplaced items using Bluetooth, the technology is also being used with malicious intent.
- **Counterfeits**
It has become vulnerable to third world countries illegally utilizing the brand image to sell counterfeit products.

BCG GROWTH MATRIX

FRAMEWORK

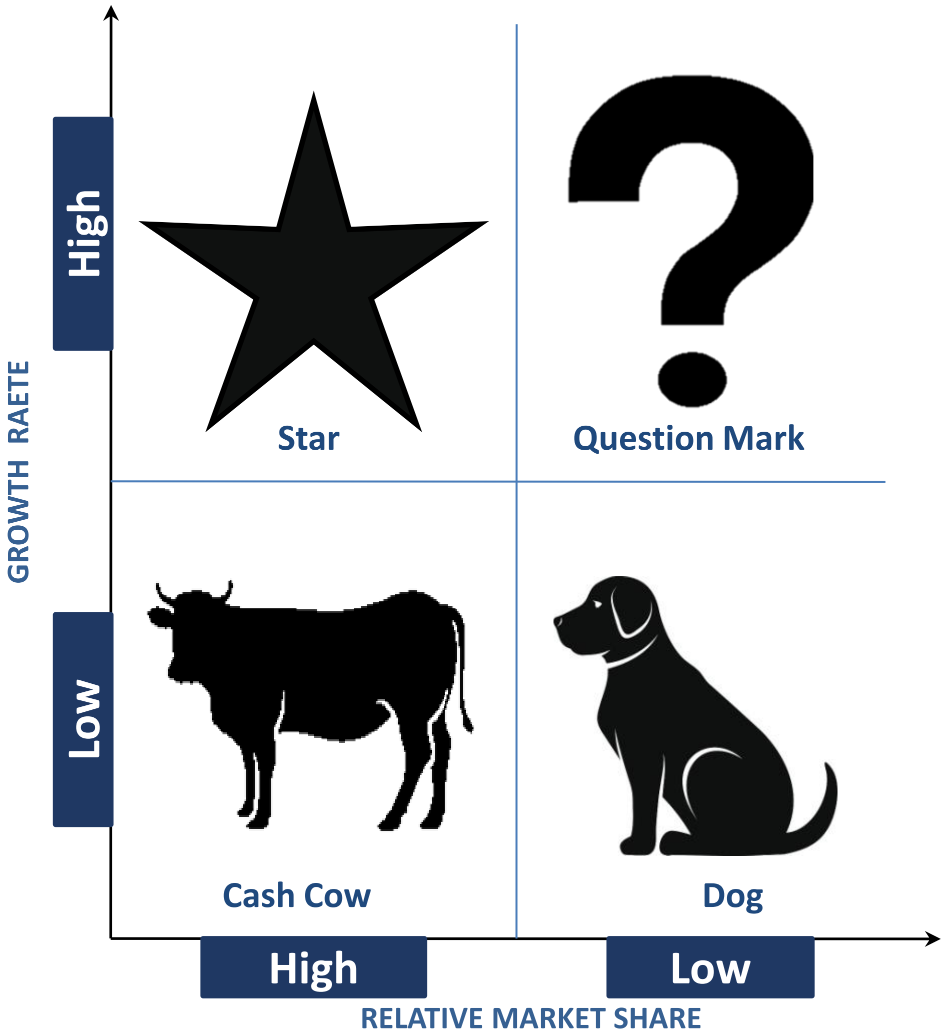
A BCG matrix is **a model used to analyze a business's products to aid with long-term strategic planning**. The matrix helps companies identify new growth opportunities and decide how they should invest for the future. Most companies offer a wide variety of products, but some deliver greater returns than others

STAR

These products category are well established due to their high growth rate as well as their high market share. They have high potential for growth and profitability. Products in the stars quadrant are market-leading products.

CASH COW

These are well-established products but have limited opportunities due to low growth potential. Cash flows generated by cash cows are high and are generally used to finance stars and question marks.



QUESTION MARK

This category's products have high growth potential but low market share. Question marks are the most managerially intensive products and require extensive investment and resources to increase their market share

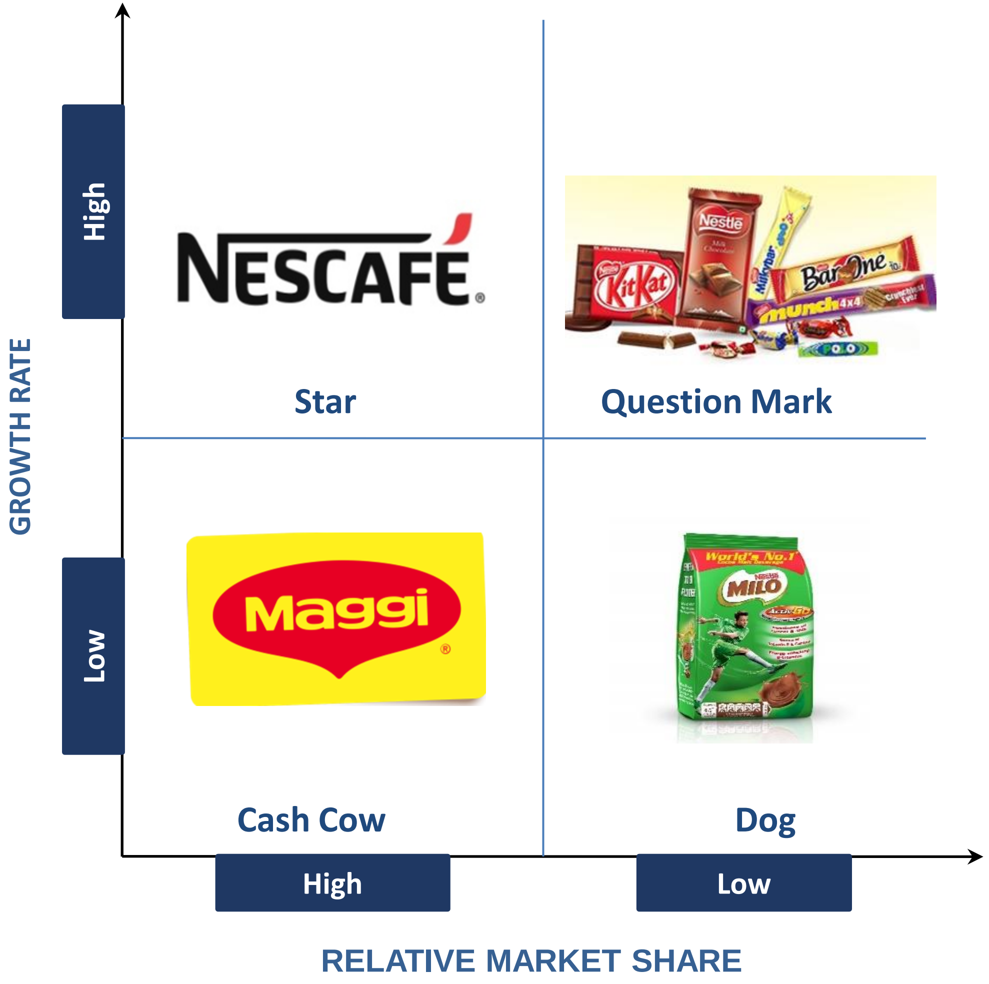
DOG

The products in this category have a very weak market presence due to their low market share and little to no growth.. Firms typically phase out products in the dogs quadrant unless the products are complementary to existing products or are used for a competitive purpose.

BCG GROWTH MATRIX

EXAMPLE

Nestlé S.A. is a Swiss multinational food and drink processing conglomerate corporation headquartered in Switzerland. It is the largest publicly held food company in the world, measured by revenue. Nestlé has 447 factories, operates in 189 countries, and employs around 339,000 people.



STAR

In Nestle's case, Nestle's Nescafe coffee fall into the star quadrant of Nestle's BCG matrix. Nescafe today,have an almost equal 35 percent share each of the market for coffee in the country.

QUESTION MARK

Although the confectioneries and chocolates offered by Nestle are popular in India, they've failed to capture the market due to the presence of competitors like Cadbury. The market share of Nestle confectionery chocolates is around **15%**, and KitKat has only around **5.6%**.

CASH COW

For Nestle, there is one product that is undoubtedly a cash cow and that is Nestle's Maggi Noddles. With a market share of 80-85%, Maggi Noodles has a very strong position in the market and has high customer loyalty. The product requires very little investment to maintain its market share and fend off competition.

DOG

Nestle's Milo was launched as a chocolate and malt powder for milk and water. However, the product did not have a significant impact on the business and is placed in the dog quadrant of Nestle's BCG matrix.

PORTERS 5 FORCES

FRAMEWORK

Porter's Five Forces is a framework for analyzing a company's competitive environment. It was created by Harvard Business School professor Michael E. Porter in 1979 and has since become an important tool for managers.

1 Supplier Power

- Number and size of suppliers
- Uniqueness of each supplier's product
- Focal company's ability to substitute

2 Buyer Power

- Price sensitivity
- Buyer's ability to substitute
- Buyer's information availability
- Switching costs

5 Competitive Rivalry

- Number of competitors
- Diversity of competitors
- Industry concentration·
- Industry growth

4 Threat of New Entry

- Barriers to entry
- Economies of scale
- Brand loyalty
- Capital requirements
- Cumulative experience

3 Threat of Substitution

- Number of substitute products available
- Buyer propensity to substitute
- Relative price performance of substitute

PORTERS 5 FORCES

EXAMPLE

For the application of, Porters 5 framework, we are going to look at the airline industry. It encompasses a wide range of businesses, called airlines, which offer air transport services for paying customers or business partners.

Supplier Power

- The bargaining power of suppliers can be considered very high. When looking at the major inputs that airline companies need, we see that they are especially dependent on fuel and aircrafts. These inputs however are much affected by the external environment over which the airline companies themselves have little control.

Buyer Power

- The threat of new entrants in the airline industry can be considered as medium. It takes upfront investments to start an airline company. Moreover, new entrants need licenses,, distribution channels and other qualifications. Customers nowadays are likely to fly with different carriers to and from their destination if that would lower the costs

Competitive Rivalry

- Airline space is highly competitive. There are nearly 15 airline operators in India, a combination of large and small regional players. These large players include SpiceJet, Air India, Indigo, and Go Air.

Threat of New Entry

- The threat of new entrants in the airline industry can be considered as medium. It takes upfront investments to start an airline company. Moreover, new entrants need licenses, distribution channels and other qualifications

Threat of Substitution

- It can be said that the general need of its customers is traveling. It may be clear that there are many alternatives for traveling besides going by airplane. the threat of substitutes in the airline industry can be considered at least medium to high.

MCKINSEY 7S FRAMEWORK

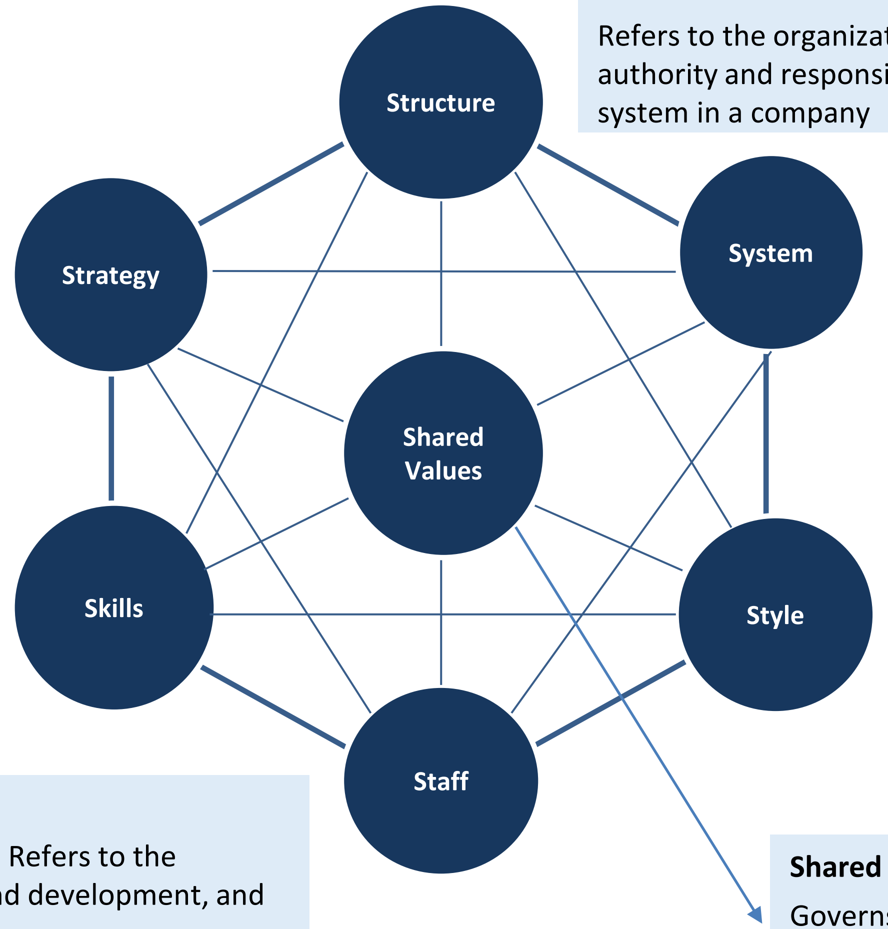
FRAMEWORK

Structure

Refers to the organizational hierarchy and defines the authority and responsibility divide. It is the hierarchy system in a company

Strategy

It is the business plan adopted to get a competitive advantage. Governed by the company's vision and mission



System

It is the protocol for conduct, which refers to the business and operational procedures followed within organizations

Skills

The core competencies and proficiencies of a company ensuring the smooth conduct of business & leads it to achieve its goals.

Style

Style defines the culture of the organization and the conduct with which the business is managed.

Staff

The capability of the employees. Refers to the recruitment process, training, and development, and efforts are made to upskill them

Shared Values

Governs a company and coordinates all crucial components. They are the core values of a company, its mission, vision, and goals

MCKINSEY 7S FRAMEWORK

Example

Application of the McKinsey 7s framework has been illustrated by taking an example of an Indian confectionary company having its operations across the globe. The brand is popular for its snacks and eateries and has become a household name.

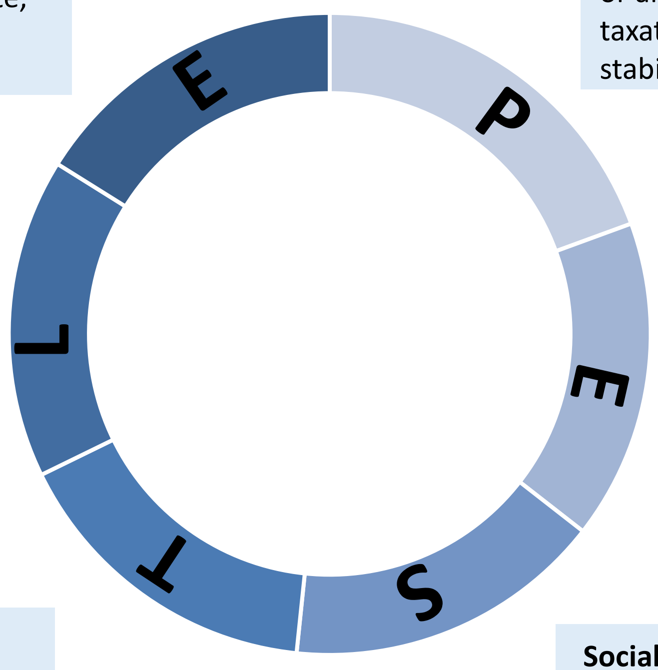
Shared Values	Providing perfect taste and quality in best packaging. Maintaining transparency, trust, authenticity, Indian heritage and hospitality
Style	**Fostering a family** and not just a business. Ensuring fair treatment and respect of the associate. Recognizes joint efforts of the organization and its suppliers. Engages in community outreach by supporting local causes
Strategy	**Product strategy:** Authentic taste and high quality, product packages of various sizes, increase volume per customer, attractive packaging for impulse buying **Pricing strategy:** competitive pricing strategy, charging nominal premium price, keeping prices slightly lower than other branded competitors like Balaji, Lehar, Bikano **Market strategy:** Constant analysis of market trends
Structure	It has different manufacturing facilities specializing in different products. The company has appointed heads across product lines and regions. Such a structure has worked out well for the company as they have been rewarded for their operational efficiency.
Skills	Its core competency **is providing Indian taste.** The focus is on innovation- a wide range of traditional namkeens, western snacks, Indian Sweets, cookies, etc. The vision is to be the **trendsetter** and strengthen leadership in the industry
Staff	The focus is on creating a work environment in which employees are motivated to learn and grow. They are encouraged to attend training programs on effective teamwork and personal development regularly. Safety measures are taken. hiring professionals from the industry to play a bigger role in the company which had otherwise been a family-owned business
System	It has manufacturing units with retail. It introduced **100 % process automation** in the manufacturing of traditional snacks. Process System: Local farms→ Sourcing of finest raw materials→ traditional recipes→ standards and quality testing-dispatched

PESTLE FRAMEWORK

FRAMEWORK

Environmental Factors
Environmental factors are those that are impacted by ecological factors and the environment around them. This component is becoming more crucial to how businesses should operate as CSR and sustainability become more and more important. Climate, recycling practices, carbon footprint, and sustainability is all factors.

Political Factors
They determine the potential impact of the government and government policies on a company or an industry. In addition to trade, economic, and taxation policies, this would also involve political stability and policy



Legal Environment
An organization must understand what is legal and allowed within the territories they operate in. They also must be aware of any change in legislation and the impact this may have on business operations. Factors include consumer law, healthy and safety, and international as well as trade regulation and restrictions.

Economic Factors
An economic component directly affects the economy's performance, which directly affects the organization's profitability. Interest rates, employment, and unemployment rates, the cost of raw materials, and exchange rates are all such factors.

Technological Factors
The rate of technological innovation and development that could have an impact on a market or sector is one of the technological aspects. Changes in digital or mobile technologies, automation, and research and development may all be factors. Distribution, manufacturing, and logistical innovations must also be taken into account.

Social Factors
Here, recognizing new trends and the social environment are the main concerns. This aids a marketer in better comprehending the requirements and desires of customers in a social context. Changing family demographics, educational attainment, cultural fads, attitudinal shifts, and lifestyle changes are among the contributing factors.

PESTLE FRAMEWORK

Example

Application of the PESTLE framework has been illustrated by taking an example of a millet-producing firm, specializing in products made out of millet.

P

Political Factors
Union Budget 2023 aims at increasing the total production of millets. The UN has also declared the current year as the international year of millet. Additionally, 100% foreign direct investment is permitted in food production and processing.

E

Economic Factors
The government is planning to set up an agricultural accelerator fund to encourage millet production. Simultaneously, inflationary pressure is affecting profitability of the businesses and the subsidy rates offered by the government.

S

Social Factors
Understanding the needs of society in terms of healthier food options, especially after COVID-19. Moreover, recent studies justify that millet is a healthier alternative to regular flour and hence its consumption is preferred.

T

Technological Factors
Innovation in machinery and production units used for millet production. Additionally, lowered production costs due to economies of scale and a shift towards machine oriented supply chain. Indian Institute of Millet Research in Hyderabad has played an important role in innovating solutions for efficient millet production.

L

Legal Factors
Providing the workers with the minimum wage as per the latest rules. Increased legislation with regard to the contents of the packaging.

E

Environmental Factors
Strict rules related to the packaging and transportation of grains have been implemented. Additionally, water harvesting norms and rules pertaining to the use of fertilizers and pesticides have been imposed in the agricultural sector.

4Ps

Framework

Product

- What is your product?
- What does your product do? Does the product meet an unfilled need or provide a novel experience? Does it provide a first mover advantage to the company
- Who is your product’s target audience?
- How is your product different from what others offer?

Place

- Where will you sell your product?
- Where does your target audience shop?
- What distribution channels are best to reach your target market?
- Which place will bring the most footfall and where do the competitors sell similar products

Price

- What is the price range of your product’s competitors?
- What is the price range of your target audience? What price is too high for your audience? What price is too low?
- What price of the product will best cover the cost
- What price best fits your target market?

Promotion

- What is the best time to reach your target audience?
- What marketing channels are most effective for your target audience?
- What advertising approaches are most persuasive to your target audience?

4Ps

Example

Product

- Product categories include earphones, headphones, speakers, smart watches, trimmers & accessories
- Known for delivering exceptional audio. This company aims to deliver products designed to provide an immersive listening experience, and they often use premium materials to ensure optimal sound quality.
- Positions itself as good quality products at affordable rates compared to the competition in this category.
- Target Market is youth which enjoy music and are focused on fitness

Place

- Boat's products are sold through online and offline modes
- Boat products are available at its own website, most online marketplaces and are now expanding their offline presence as well.
- For online digital marketing, the company invested heavily in search engine positioning. For word of mouth, they rely on their strong and loyal customer base and actively engage with their customers
- The competitors of Boat such as JBL, Bose etc also have their own websites and are present in marketplaces but also have their own EBOs.

boAt

Price

- Boat's pricing strategy is that they offer quality products at an affordable price.
- The youth target audience of Boat finds it perfect as it neither too overpriced nor unimaginably cheap.
- They've been able to fill in the initial gap in the market with good quality audio brands charging high prices and receiving poor quality with affordable audio brands, thus currently having a market share of 32%.

Promotion

- Digital Campaigns - created digital content for its target audience, advertising on major digital platforms like Instagram and YouTube, and engaging with online influencers to a brand development hype.
- Collaborations - collaborated with celebrities and content creators such as actors Ranbir Kapoor, Kartik Aaryan and influencers such as Prajakta Koli who could help spread the word about their fashionable audio products.
- Personalized Message - sent personalized messages via emails and SMS, created a customer care helpline, tailored warranty policies, and kept the customer in mind when designing new products.

CCCPG FRAMEWORK

Framework

The framework caters to a vast array of business situations and is applicable in situations such as market entry, marketing strategy, market assessment, diversification feasibility, etc. It stands for Customer, Competition, Company, Product and Government Policy.

CUSTOMER :

- Estimating the market size and industry growth.
- Market research through demographics like – age, income distribution, spending pattern, etc.
- Addressing who the target customers will be and what market segment within an industry will be catered.
- Additionally, portions of STP Analysis and Porter's 5 Forces can be applied at this stage.

COMPETITION :

- Analysing the market share of the players in the same market.
- The market leader's strategies and differentiation policies of the players.
- Demand and Supply chains of the players to understand cost cutting strategies.
- Barriers to entry and exit to analyse the nature of competition in the industry.
- The latter two can also be done via Porter's 5 forces.

COMPANY :

- Feasibility of entry into a market or exit from an industry needs to be analysed.
- At this stage, the product share of a company also needs to be studied, in addition to the cost structure in order to ascertain financial feasibility of operations and to determine the need for modifications.

PRODUCT :

- Studying about the substitute and complimentary products, and strengthening or developing differentiating strategies.
- Making sure that the product is positioned in the right market to appropriate customers and accessible to the customers.
- Considerations also need to be given to packaging, variants, and shelf life which serve as differentiating factors.

GOVT. POLICY :

- Understanding the government policies and acting on plausible changes in them which can affect the continuance of operations.
- This is of immense importance in case of market entry to ascertain operational feasibility.
- The ambit of government policies is quite vast and involves everything from licensing and permit needs to taxation policy.

CCCPG FRAMEWORK

Example

Using CCCPG Framework to illustrate a market entry strategy for In N Out Burger to expand to India.

MARKET ENTRY

CUSTOMER :

- The QSR Market in India is valued at $700 Million with a growth rate of 9%.
- The target customer base of QSRs is in the age group of 10-35 and the model caters to Lower Middle and Middle Class with a high propensity to spend on fast food.
- QSR has also seen ease of operations through food delivery apps which significantly increases the market size.
- The Serviceable Obtainable Market of this sector is very huge as customers preferences are likely to change over time.

COMPETITION :

- There are many market players which include both International, National and Local brands.
- Barriers to entry in the industry are moderate to low, and the company can opt for a franchising model like in the United States.
- There is also competition from fine dining chains and local food vendors.
- The brand is very popular among the newer generations and can gain market share from the hype of its establishment. Precedent of Tim Hortons, which capitalised on its popularity to gain market share.

COMPANY :

- The company reported a EBITDA of 20% which is very good as per industry standard.
- The company has seen increased growth in revenue and profitability over the past few years and has grown to become a household name in the west coast of the United States.
- The company has also gained immense goodwill among pop-culture followers

PRODUCT :

- The company is known for its best performing Cheeseburger, however, due to the Beef ban in India, the brand will have to rethink their star product.
- Most QSR chains capitalise on well established supply chains which offers standardised products.
- The products will need to appeal the Indian palette different from the American palette.

GOVT. POLICY :

- The approximate registration and licensing process would require 6 - 8 months to be processed.
- There are no restrictions or government barriers to operate in this sector.

EXCEL FUNCTIONS

EXCEL FUNCTIONS

Square Root Function

=Sqrt(range, criterion, [sum range])

Returns the Square root of the input

Value-The number for which to calculate the positive square root.
*value must be positive; if it is negative, SQRT will return the #NUM! error.

Find the Square root of 16,-4,0 and 6.545

Type	Input	Output	Formula
Positive Number	16	4	=SQRT(11)
Negative Number	-4	#NUM!	=SQRT(12)
Zero	£0	0	=SQRT(13)
Decimal	6.545	2.558319761	=SQRT(14)

Sum of Years Digit Function

Syntax :- =SYD(cost, salvage, life, per)

SYD function in Excel returns the sum of years' digits of depreciation of an asset for a specified period.

SYD = (cost-salvage)*(life-per+1)*2/(life)*(life+1)
(per = period)

Calculate the sum of years' digit depreciation for each year on machinery.

Initial Cost	2,00,000
Salvage Value	20,000
Life	5

Year	Depreciation
1	60000
2	48000
3	36000
4	24000
5	12000
Total depreciation	180000

EXCEL FUNCTIONS

PMT Function

PMT(rate, nper, pv, [fv], [type])

PMT, one of the financial functions, calculates the payment for a loan based on constant payments and a constant interest rate.

Usage:- The function is used to calculate the total payment (principal and interest) required to settle a loan or an investment with a fixed interest rate over a specific time period.

Find the monthly payment of a loan.

House	Amount
Loan Amount	$1,00,000.00
Number of Years	10
Interest rate	5.00%
Monthly Payment	=PMT(D12/12,D11*12,-D10)

PPMT Function

PPMT(rate, per, nper, pv, [fv], [type])

This function calculates the payment on the principal for a loan or an investment based on periodic, constant payments and a fixed interest rate for a given period of time.
Usage:-It returns the payment on the principal for a given period for an investment based on periodic, constant payments and a constant interest rate

Find the principal payment of 10th and 100th month.

House	Amount	Output
Loan Amount	100000	
Number of Years	10	
Interest rate	0.05	
Monthly Payment	=PMT(D12/12,D11*12,-D10)	1060.65515239075
Principal Payment in the 10th Month	=PPMT(D12/12,10,D11*12,-D10)	668.544484426012
Principal Payment in the 100th Month	=PPMT(D12/12,100,D11*12,-D10)	971.9689420746

EXCEL FUNCTIONS

IPMT Function

IPMT(rate, per, nper, pv, [fv], [type])

This function calculates the interest portion based on a given loan payment and payment period. We can calculate, using IPMT, the interest amount of payment for the first period, last period, or any period in between.

Find the Interest payment for 10th and 100th month.

House	Input	Amount
Loan Amount	100000	
Number of Years	10	
Interest rate	0.05	
Monthly Payment	=PMT(D12/12,D11*12,-D10)	1060.65515239075
Interest Payment in the 10th Month	=IPMT(D12/12,10,D11*12,-D10)	392.110667964741
Interest Payment in the 100th Month	=IPMT(D12/12,100,D11*12,-D10)	88.6862103161518

NPER Function

NPER(rate,pmt,pv,[fv],[type])

This function helps calculate the number of periods that are required to pay off a loan or reach an investment goal through regular periodic payments and at a fixed interest rate.

Usage:-It returns the number of periods for an investment based on periodic, constant payments and a constant interest rate.

Find the Number of payments.

House	Amount
Loan Amount	$1,00,000.00
Interest rate	5.00%
Monthly Payment	$1,000.00
Number of Payments	=NPER(D11/12,D12,-D10)

EXCEL FUNCTIONS

IRR Function

IRR(cashflow_amounts, [rate_guess])

Calculates the internal rate of return on an investment based on a series of periodic cash flows.

Count the number of values collectively present in Columns 1 & 2

Cash Flow	*Estimated IRR*
-8000	
1000	
2500	
5200	0.51
2600	
3000	
3200	
25%	

XIRR Function

XIRR(cashflow_amounts, cashflow_dates, [rate_guess])

Calculates the internal rate of return of an investment based on a specified series of potentially irregularly spaced cash flows.

Usage:-It returns the number of periods for an investment based on periodic, constant payments and a constant interest rate.

What is the Rate of Return expected from a SIP having the following particulars?

Policy Installments	*SIP Date*
-1000	01-01-2010
-1000	02-02-2010
-1000	06-03-2010
-1000	07-04-2010
-1000	09-05-2010
-1000	10-06-2010
-1000	12-07-2010
14000	13-08-2010
Rate of Return	**5.24087**

EXCEL FUNCTIONS

Concatenate Function

=CONCATENATE(text1, [text2], ...)

It is used to join two or more text strings into one string.

Text: It is the text from which is to be combined.

Suppose you want to combine both the cells.

Mid	MidLife	=CONCATENATE(G11,G12)
Life		

Count Function

=Count(value1, value2, ...)

The Count function counts the number of cells that contain numbers, and counts numbers within the list of arguments.
Value: It is a range within which you want to count numbers.

How to count the number of companies in the data?

Company	Revenue
A	10000
B	15000
C	8000
D	2000
E	18000
Number of Companies	5
	=COUNT(D10:D14)

EXCEL FUNCTIONS

RandBetween Function

=RANDBETWEEN(bottom, top)

Returns a random integer number between the numbers you specify. A new random integer number is returned every time the worksheet is calculated.
Bottom: The smallest integer RANDBETWEEN will return.
Top: The largest integer RANDBETWEEN will return.

How to get a random number between the range?

Bottom	Top	Result	Formulae
1	12	12	=RANDBETWEEN(F19,G19)
2	13	12	=RANDBETWEEN(F20,G20)
3	15	5	=RANDBETWEEN(F21,G21)
4	17	17	=RANDBETWEEN(F22,G22)
5	10	10	=RANDBETWEEN(F23,G23)

If-And Function

= IF(AND (Condition 1,Condition 2,…),Value _if _True, Value _if _False)

Enables the user to evaluate multiple conditions using AND functions.

If: The IF function allows you to make a logical comparison.
And: It is used where all conditions need to be True or False.

Do cells B8 and C8 contain colours Black and Pink respectively?

Colour1	Colour2	
Red	Green	
Green	White	
Red	Red	TRUE
Black	Pink	=IF(AND(D15="Black",E15="Pink"),TRUE, FALSE)
White	Black	
Red	White	

EXCEL FUNCTIONS

Count-Ifs Function

=COUNTIFS(criteria_range1, criterion1, [criteria_range2, criterion2, ...])

Returns the count of a range depending on multiple criteria.
criteria_range1: The range to check against criterion1.
Criterion1: The pattern or test to apply to criteria_range1.
criteria_range2, criterion2: Additional ranges and criteria to check.

How many events can be categorized as Low Severity and High Frequency?

Events	Severity	Frequency
A	Low	High
B	High	Low
C	Low	Low
D	High	High
E	High	Low
F	Low	High
G	High	High

2

=COUNTIFS($D$13:$D$19,$D$13,$E$13:$E$19,$E$13)

COUNTIFS(criteria_range1, criteria1, [criteria_range2, criteria2], [criteria_range3, ...)

Sum-If Function

= SUMIF(range, criterion, [sum_range])

Returns a conditional sum across a range.

Range: The range which is tested against criterion.
Criterion: The pattern or test to apply to range.
sum_range: The range to be summed, if different from range.

How many times did Brazil win the FIFA World Cup

Year	Team	Won
1934	Italy	1
1938	Italy	1
1950	Uruguay	1
1954	West Germany	1
1958	Brazil	1
1962	Brazil	1
1966	England	1
1970	Brazil	1
SUMIF	3	

=SUMIF(E12:E19,E16,F12:F19)

EXCEL FUNCTIONS

IFS Function

=IFS(logical_test1, value_if_true1, logical_test2, value_if_true2,…**)**

Checks whether one or more conditions are met and returns a value that corresponds to the first condition.

IFS allows us to test upto 127 different conditions.

Find out the result of the given students if the passing marks are 40 and eligibility for distinction is more than 80 marks.

Name	Marks	Result
David	67	Pass
Jeffrey	87	Distinction
James	32	Fail

Formula =IFS(C5>80,"Distinction",C5>40,"Pass",C5=40,"Pass",TRUE,"Fail")

IF-OR Function

=IF(OR(something is true, something else is true**)**, value if true, value if false**)**

IF-OR function allows us to make a logical comparison between a value and what we expect by testing for multiple conditions and returning a result if any of the conditions is true and some other result if all the conditions are false.

Find out whether the given students are pass or fail if the passing marks are 30.

Name	Marks	Result
Grant	65	Pass
Bill	22	Fail
Hank	41	Pass

Formula =IF(OR(C3>30,C3=30),"Pass","Fail")

EXCEL FUNCTIONS

Trim Function

=Trim(text)

It is used to remove irregular text spacing and keep single spaces between words.

Text: It is the text from which all spaces must be removed.

How to trim the irregular spacing between names?

Name	Trimmed Text	Formulae
Captain America	Captain America	=TRIM(C10)
Harry Potter	Harry Potter	=TRIM(C11)
Tony Stark	Tony Stark	=TRIM(C12)
Black Widow	Black Widow	=TRIM(C13)
Spider Man	Spider Man	=TRIM(C14)

Mid Function

=MID(text, start_num, num_chars)

The function will return a specified number of characters from the middle of a given text string.
Text: It is the text string containing the characters you want to extract.
Start_num: It is the position of the first character you want to extract in text. The first character in text has start_num 1, and so on.
Num_chars: It specifies the number of characters to return from text.

How to separate each word from the given text?

Input	Output	Formulae
MyNameIsCaptainAmerica	My	=MID(C10,1,2)
MyNameIsCaptainAmerica	Name	=MID(C11,3,4)
MyNameIsCaptainAmerica	Is	=MID(C12,7,2)
MyNameIsCaptainAmerica	Captain	=MID(C13,9,7)
MyNameIsCaptainAmerica	America	=MID(C14,16,7)

EXCEL FUNCTIONS

MATCH Function

=MATCH(lookup_value, lookup_array, [match_type]**)**

Searches for a specified item in a range of cells and then returns the relative position of that item in the range.

Lookup value - the value you want to match in the lookup array
Lookup array – the range of cells being searched
Match type – specifies how Excel matches lookup value with values in the lookup array.

Find the position of 12 in the given array.

Data
34
23
12
45
23
55

Formula	=MATCH(12,B4:B9,0)
Output	3

CHOOSE Function

=CHOOSE(index_num, value1, [value2],…**)**

Uses index_num to return a value from the list of value arguments.

index_num – specifies which value argument is selected
value1, value2,… - 1 to 254 value arguments from which CHOOSE slects a value based on the index_num.

Find out the third term in the given data.

Data
Kylie
Kendall
Kourtney
Kimberly
Khloe
Kris

Formula	=CHOOSE(3,B3,B4,B5,B6,B7,B8)
Output	Kourtney

EXCEL FUNCTIONS

INDEX Function (array form)

=INDEX(array, row_num, [column_num]**)**

Returns the value of an element in a table or an array, selected by the row and column number indices.

array - a range of cells or an array constant
row_num - selects the row in array from which to return a value
column_num - selects the column in array from which to return a value

What is the number of apples with Rakesh (i.e. the value in 3rd row and 2nd column) ?

Data (Monday)		
Name	Apples	Oranges
Ravi	3	5
Rahul	4	1
Rakesh	6	8

Formula	=INDEX(B4:D6,3,2)
Output	6

INDEX Function (reference form)

=INDEX(reference, row_num, [column_num], [area_num]**)**

Returns the reference of the cell at the intersection of a particular row and column.
reference - reference to one or more cell ranges
row_num – the number of the row in reference from which to return a reference
column_num - the number of column in reference from which to return to return a reference
area-num – selects a range in reference from which to return the intersection of row_num and column_num.

What is the number of oranges with Rahul on Tuesday (i.e. the value in 2nd row and 3rd column in the 2nd area) ?

Data (Monday)			Data (Tuesday)		
Name	Apples	Oranges	Name	Apples	Oranges
Ravi	3	5	Ravi	7	4
Rahul	4	1	Rahul	8	5
Rakesh	6	8	Rakesh	5	2

Formula	=INDEX((B4:D6,F4:H6),2,3,2)
Output	5

EXCEL FUNCTIONS

XLOOKUP Function

=XLOOKUP(lookup_value, lookup_array, return_array, [if_not_found], [match_mode], [search_mode]**)**

Searches a range or an array, and then returns the item corresponding to the first match it finds.

lookup_value - the value to search for ; **lookup_array -** the array or range to search ; **return_array -** the array or range to return **[if_not_found] -** where a valid match is not found, the text supplied here is returned ; **[match_mode] -** specifies the match type (0 : exact match, -1 : exact match of next smaller item, 1 : exact match or next larger item, 2 : a wildcard match) ; **[search_mode] –** specifies the search mode to use (1 : perform a search starting at the first item, -1 : perform a reverse search starting at the last item, 2 : perform a binary search that relies on lookup array being in ascending order, -2 : perform a binary search that relies on lookup array being in descending order)

What is the number of cars produced by factory C?

Factory	Cars produced (units)
A	6,000
B	7,000
C	5,400
D	9,000
E	5,700
F	6,300

Formula	=XLOOKUP(B13,B3:B8,C3:C8)

Answer	5,400
C	

EXCEL FUNCTIONS

Present Value Function

=PV(rate, nper, pmt, [fv], [type])

It calculates the present value of a loan or an investment, based on a constant interest rate.
Rate-The interest rate per period.
NPER- The total number of payment periods in an annuity.
PMT- The payment made each period and cannot change over the life of the annuity. Typically, PMT includes principal and interest but no other fees or taxes.
FV- The future value, or a cash balance you want to attain after the last payment is made. If FV is omitted, it is assumed to be 0.
Type- The number 0 or 1 and indicates when payments are due.

Annuity pays periodic payments of $100.00 with a 5.5% annual interest rate. This annuity makes payments on a monthly basis and will do so for 5 years. Find PV.

Type	Input
Annual Interest rate	5.50%
Periodic Payment	$100.00
No. of periods (Monthly)	60
Compounding periods per year	12
Present Value	-$5,235.28

=PV($E$32/$E$35,$E$34,$E$33, 0,0)

Future Value Function

=FV(rate, nper, pmt, [pv], [type])

This function helps calculate the future value of an investment.
Rate- This is the interest rate for each period.
NPER- The total number of payment periods.
PMT- This specifies the payment per period. If we omit this argument, we need to provide the PV argument.
PV- This specifies the present value (PV) of the investment/loan. The PV argument, if omitted, defaults to zero.
Type- The number 0 or 1 and indicates when payments are due.

If the Present Value is $10,000 and Interest Rate is 4% along with the term as 10 years, compounding 12 times per year, find the Future Value.

Type	Input
Present Value	$10,000.00
Interest Rate	4.00%
Term (Year)	10
Compounding periods per year	12
Future Value	-$17,813.42

=FV($F$18,$F$20,$F$19*$F$20,$F$17)

EXCEL FUNCTIONS

Max Function

=MAX(number 1, [number 2],…)

MAX function in Excel returns the largest value from a set of values.
Number- It refers to the values in a dataset.

Determine the highest marks obtained in a class test of 10 students.

Name	Marks
Ravi	56
Harish	45
Gautam	33
Narain	54
Tarun	98
Varun	77
Dhruv	89
Aman	76
Aarav	97
Angad	55

Highest marks	98
	=MAX($D$11:$D$20)

Min Function

=MIN(number 1, [number 2],…)

MIN function in Excel returns the smallest number from a set of values.
Number- It refers to the values in a dataset.

Determine the lowest marks obtained in a class test of 10 students.

Name	Marks
Jerry	45
David	45
Arthur	67
Louis	87
Gianni	98
Donatella	8
Oscar	76
Oliver	44
Karl	34
Virgil	23
Lowest marks	8
	=MIN($D$11:$D$20)

EXCEL FUNCTIONS

DB Function

=DB(cost, salvage value, life, period, [month]**)**

DB function in Excel returns the depreciation of an asset for a specified period using the fixed declining balance method.
Cost- The initial cost of the asset
Salvage Value- The value at the end of the depreciation
Life- The number of periods over which the asset is being depreciated
Period- The period for which you want to calculate the depreciation.
Month- The number of months in the first year. If omitted, assume 12.

Calculate the depreciation for each year on a car which has an initial cost of 7,00,000 ; salvage value of 1,00,000 ; useful life of 5 years using the fixed declining balance method.

Initial Cost	7,00,000
Salvage value	1,00,000
Life	5

Year	Depreciation
1	225400.00
2	152821.20
3	103612.77
4	70249.46
=DB($H$15,$H$16,$H$17,$J$18)	
Total depreciation	599712.57

SLN Function

=SLN(cost, salvage, life**)**

SLN function in excel returns the straight line depreciation on an asset for one period.
Cost- The initial cost of the asset.
Salvage- The value at the end of the depreciation.
Life- The number of periods over which the asset is depreciated.

Calculate depreciation to be charged each year on a washing machine having initial cost of 90,000; salvage value of 30,000 and useful life of 6 years.

Initial Cost	90,000
Salvage Value	30,000
Life	6

Year	Depreciation
1	10000.00
2	10000.00
3	10000.00
4	10000.00
5	10000.00
=SLN($J$8,$J$9,$J$10)	
Total depreciation	60000.00

EXCEL FUNCTIONS

XNPV Function

=XNPV(discount, cashflow_amounts, cashflow_dates**)**

It calculates the net present value of an investment based on a specified series of potentially irregularly spaced cash flows and a discount rate.
Discount- The discount rate of the investment over one period.
Cashflow_amounts- A range of cells containing the income or payments associated with the investment.
Cashflow_dates- A range of cells with dates corresponding to the cash flows in cashflow_amounts

Calculate the Net Present Value of an investment if the discount rate is 6%, and the cashflow amounts and dates are given respectively.

Discount Rate	Cash Flow	Date
6%	-8000	01-01-2010
	1000	02-01-2010
	2500	04-01-2010
	5200	13-01-2010
	2600	21-01-2010
	3000	23-01-2010
	3200	31-01-2010
		9454.59652
		=XNPV($C$11, $D$11:$D$17, $E$11:$E$17)

NPV Function

=NPV(rate,value1,[value2],...**)**

Calculates the net present value of an investment by using a discount rate and a series of future payments (negative values) and income (positive values).
Rate- The rate of discount over the length of one period.
Value1, Value2, ..- Value1 is required, subsequent values are optional. 1 to 254 arguments representing the payments and income.

Calculate the Net Present Value of an investment if the discount rate is 10% and the initial cost of investment along with return for 3 years is given.

Description	Data
Annual Discount Rate	0.1
Initial Cost of Investment one year from today	-10000
Return from first year	3000
Return from second year	4200
Return from third year	6800
Net Present Value of Investment	$1,188.44
=NPV($F$16,$F$17,$F$18,$F$19,$F$20)	

BRAIN TEASERS

BRAIN TEASERS

Brain Teasers

BRAIN TEASER - 1

100 Airline Passengers

Question.
A line of 100 airline passengers is waiting to board an airplane. They each hold a ticket to one of the 100 seats on that flight. For convenience, let's say that the nth passenger in line has a ticket for seat number n. Unfortunately, the first passenger in line ignores his or her assigned seat number and picks a random seat to occupy. All the other passengers are well behaved and will go to their assigned seats unless the seats are already occupied, in which case they also will take a seat at random. What is the probability that the last (one-hundredth) passenger to board the plane will sit in his or her assigned seat?

Hint :

Imagine there are only two seats in the plane then since he can sit in only one of two seats, he has a 50 percent chance of sitting in his assigned seat. The one-hundredth guy can only be at seat 100 or 1. The one-hundredth guy doesn't decide anything. He takes whatever is available. So, don't mind him. So, there are only two possibilities, decided by guys 1 through 99. Since from everybody's point of view, seat 1 is just like seat 100 (they just look at their own seat as special and the first guy doesn't look at any seat as special), at the end, 1 being available must be just as likely as 100 being available.

Ans. 50%

BRAIN TEASER - 2

Stranger's Children

Question.
You meet a stranger on the street, and ask how many children he has. He truthfully says two. You ask, "Is at least one of them a girl?" He truthfully says yes. What is the probability that the other one is a girl?

Hint :

Girl	Girl
Girl	Boy
Boy	Girl
Boy	Boy

The condition "at least one is a girl" eliminates only condition 4. There are three ways in which at least one of them could be a girl. And as a sibling of a girl in those three permutations, where there is girl, boy, or another boy, the chance of that sibling being a girl is only one out of three

Ans. One - Third

Brain Teasers

BRAIN TEASER - 3

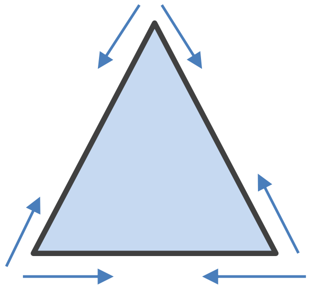
Ants Pileup

Question.
There are three ants at the corners of a regular triangle. Each ant starts moving in a straight line toward another, on a randomly chosen course. What is the probability of avoiding an ant pileup?

Hint :

1.2/8 i.e ¼

2.Select one ant and call him "Willie." Once Willie decides which way to go (clockwise or counterclockwise), the other ants have to go in the same direction to avoid a collision. Since the ants choose randomly, there is a 1-in-2 chance the second ant will move in the same direction as Willie, and a 1-in-2 chance the third ant will do the same. That means there is a 1-in-4 chance of avoiding a collision.



BRAIN TEASER - 4

Burning Forest

Question.
Max is trapped on a heavily forested island that's a narrow strip of land 10 miles long. A fire has started on the south end and is moving toward Max at the rate of 1 mile per hour fed by a wind from the south at 2 miles per hour. What can Max do to save himself from burning to death? Assume that Max can't swim and he has no devices of any kind.

Hint :

1.Start backburning which will lead to a lack of fuel

2. Max needs to set a controlled second fire and take advantage of the dead zone that results from the controlled burn. Max doesn't even need a match or lighter since the current fire is moving slowly enough that he can get a light from it, bring it a few miles downwind of the fire, and then start the new fire. Eventually the first fire will reach CHAPTER 4 86 the origin of the controlled fire and extinguish itself from lack of fuel. This practice is called "backburning.

3.Max can dive and drown in water, eventually, he will not die by burning

Brain Teasers

BRAIN TEASER - 5

Money

Question.
Betty has $20 more than Sally. How much does each have given that, combined, they have $21 between them? Note: You can't use fractions in the answer.

Hint :

Convert dollars into cents and 2050 with Betty and 50 cents with Sally

BRAIN TEASER - 6

Doubling Down

Question.
A lily pad doubles in size every day. If on the sixtieth day, the pond is covered with lily pads, what day is the pond half covered?

Hint :

On the 59th Day

BRAIN TEASER - 7

Gambling

Question.
A gambler is holding three coins. One coin is an ordinary quarter, the second has two heads, the third has two tails. The gambler chooses one of the coins at random and flips it, showing heads. What is the likelihood that the other side is tails?

Hint :

There are 3 heads and 3 tails that these coins represent. The gambler's first toss shows heads. The challenge is to calculate the probability that the other side of this coin shows tails. Since only one of the three coins has tails opposite, the answer is one out of three.

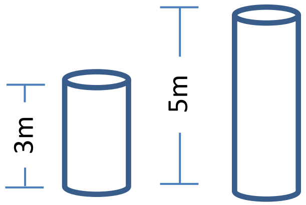
BRAIN TEASER - 8

Rod Length

Question.
Out of a 5m rod, a piece of 4m is to be cut out but the welder has only a single 3m rod. How can he cut out a 4 m rod?

Hint :

He can mark a 3m length on the 5m rod then keeping the 3m rod again on the marked point he can mark a 2m mark on the 3m rod (as the remaining part of the 5m rod is 5-3=2m), from this he can get a 1m mark on the second rod and can use that ahead of 3m mark to cut out 4m rod.



BRAIN TEASERS

Brain Teasers

BRAIN TEASER - 9

Time, Speed & Distance

Question.
Two trains enter a tunnel 200 miles long traveling at 100 miles per hour toward each other from opposite directions. As soon as they enter the tunnel, a supersonic bumblebee flying at 1,000 miles per hour starts from one train and heads toward the other one. As soon as it reaches the second locomotive, it reverses course and heads back toward the first, going back and forth between the rapidly approaching trains until the trains collide in a fiery explosion in the middle of the tunnel. How far does the bee travel until it meets its untimely end?

Hint :

Speed of both trains = 100 mph
Length of the tunnel = 200 miles
Since both the trains are travelling at the same speed, Hence they must have travelled equal distance before colliding, which means that they must have collided at the halfway of the tunnel.
Therefore, distance travelled by each train before colliding = 100 miles
Time taken by each train to travel 100 miles and collide = Distance/Speed = 100/100 = 1 hr
Therefore the bee must have travelled for 1 hr before colliding with the trains.
Hence distance travelled by the bee in 1 hr before colliding = Speed * Time = 1000 * 1 = 1000 miles

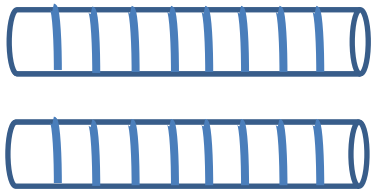
BRAIN TEASER - 10

Burning Fuse

Question.

You have two rope fuses of the type used to ignite explosives. The fuses each take one hour to burn completely. The problem is the fuses are non uniform and can't be assumed to burn evenly. Using these two fuses and nothing else, how would you time 45 minutes?

Hint :



Start by simultaneously lighting both ends of fuse 1 and one end of fuse 2. When fuse 1 is completely burned, 30 minutes will have passed. At that point, I would immediately light the other end of fuse 2. The half-hour strand of fuse 2 will burn in 15 minutes. Thus, I will have determined an elapsed time of 30 minutes plus 15 minutes or 45 minutes

BRAIN TEASER - 11

Bucket Problem

Question.

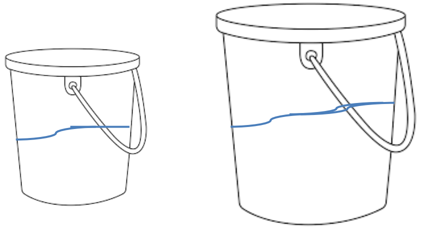
You have a 3-quart bucket, a 5-quart bucket, and an infinite supply of water. How can you measure out exactly 4 quarts?

Hint :

Step 1: Fill the 3-quart bucket and pour into the 5-quart bucket

Step 2: Again, fill the 3-quart bucket and pour into the 5-quart bucket to the brim. That leaves 1 quart remaining in the 3-quart bucket.

Step 3: Empty the 5-quart bucket.



Step 4: Pour the 1 quart into the 5-quart bucket.

Step 5: Fill the 3-quart bucket again and add it to the 1 quart to make 4 quarts.

BRAIN TEASER - 12

Animals over the river

Question.
A farmer is trying to cross a river. He is taking with him a sheep, hay, and a tiger. He has a very small raft so he can only bring one of the 3 at a time across the river. How does he cross the river? Assume that the tiger does not eat the sheep if the farmer is there & the sheep do not eat the hay if the farmer is there.

Hint :

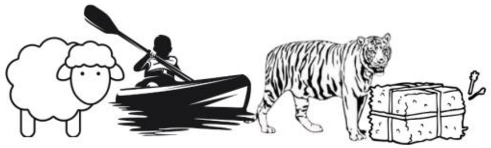
1st Trip: He takes the sheep across the river

2nd Trip: Comes back alone in the boat

3rd Trip: He takes the Hay across the river

4th Trip: Comes back with the sheep on the boat

5th Trip: He takes the Tiger across the river



6th Trip: Again, comes back alone on the boat

7th Trip: Finally, He takes the sheep with him across the river

BRAIN TEASER - 13

Bicycle Tire

Question.

A bike has 2 tires and 1 spare tire. Each tire can run for 5 km. What is the maximum distance that can be covered by the bike?

Answer: 7.5 Kilometres

Step 1: Run for 2.5 Km and change one of the spare tyre.

Step 2: Now run for 2.5 Km till the old tyre reaches it limit of Km

Step 3: Replace the used-up tyre with the tyre which was used for 2.5 km

Step 4: Now both the tyres have been used for 2.5km.Therefore the bike can run for another 2.5 km

Step 5: The entire run is 2.5+2.5+2.5 =7.5 km

BRAIN TEASER - 14

Flight Delayed?

Question.
Consider a round-trip cross-country airplane flight, for example, from New York to Los Angeles and then back to New York. How will a constant and uniform wind, affect the total elapsed time of the flights relative to no wind? Will a constant wind, uniform across both legs of the trip, make the total flight longer, make it shorter, or have no effect?

Hint :

Let s = plane’s speed
w = wind’s speed
D = distance in one direction
Wind will add time to the flight by the ratio $(s^2)/(s^2-w^2)$

$d/(s+w)$ = time to complete leg flying with the wind
$d/(s-w)$ = time to complete leg flying against the wind
$d/(s+w)+d/(s-w)$ = round-trip time

$$\frac{d/(s+w)+d/(s-w)}{d/s + d/s} = \text{ratio of flying with wind to no wind}$$

This simplifies to $s^2/(s^2-w^2)$
The stronger the wind, the longer the trip will take, up until the wind speed equals the speed of the airplane, at which point the speed of the plane relative to the ground will be zero.

GUESSTIMATE
HYGIENE SHEET

GUESSTIMATE HYGIENE SHEET

Indian Data

Nominal GDP of India	USD 3 Lakh crores	
Population of India	140 Crores	
Population divide based on Urban & rural	Urban	Rural
	40%	60%
Average family size	4	5

Population divided based on age group	Age	% as of Population	Age	% as of Population
	0-18	25%	0-15	20%
	18-24	15%	15-25	30%
	24-60	50%	25-50	30%
	60+	10%	50+	20%

Population divided as per working & non-working	Working	Non Working	
	60%	40%	
Income Divide	Lower	Middle	High
	50%	40%	10%
Income Use	Consumption	Saving	
	75%	25%	

Transportation Network	Road	Rail	
	60,00,000	70,000	
Trains	Daily trains	Stations	
	15,000	7000	
Airports	150		
	International	Domestic	Custom
	30	110	10
Number of Highways	600		

Important Splits

Gender Divide	Male	Female	
	50%	50%	
Literacy Rate	Overall	Male	Female
	75%	80%	70%
	India	Urban	Rural
Literacy rate	75%	85%	70%
Access to water	70%	100%	50%
Smartphone Penetration	55%	70%	30%
Internet Users	60%	70%	50%

State wise Data

State wise Population	Delhi	Mumbai	Chennai	Bangalore
	3 Crores	2 Crores	5-7 Crores	10-12 Crores
Area of States/Cities	Delhi	Mumbai	Rajasthan	Goa
	1500	600	~3,00,00	~4000
	Crores	Crores	(Largest)	(Smallest)
Types of Cities	Tier 1	Tier 2	Tier 3	
	8	100	40	

Market Trends

Product	Growth Rate	Average price
Cars	10%	10,00,000
Two Wheelers	10%	50,000
Air Conditioners	7%	30,000
Washing Machines	5%	20,000
Refrigirators	5%	25,000
Mobile Phone	8%	15,000
Televeision	15%	40,000
Laptop	5%	50,000

GLOSSARY

GLOSSARY

WORD	MEANING
Acquisition	A business transaction in which one firm buys all or part of another company's stock or assets. The acquisition commonly happens to gain control of and expand on the target company's strengths while also capturing energies.
Aggregator	An aggregator renders the service of collecting, compiling and providing similar as well as a relevant informant on a particular website.
AOV	An ecommerce metric that measures the average total of every order placed with a merchant over a defined period of time.
Backward Integration	A form of vertical integration in which a company acquires or merges with other businesses that supply raw materials needed in the production of its finished product.
Buyout	An investment transaction by which the ownership equity of a company, or a majority share of the stock of the company is acquired.
CAC	Customer acquisition cost is the resources and costs incurred to acquire an additional or new customer.
CAGR	Compound Annual Growth Rate is the mean annual growth rate of an investment over a specified period of time longer than one year with the effect of compounding taken into account.
Capex	Capital expenditures (Capex) are funds used by a company to acquire, upgrade, and maintain physical assets such as property, plants, buildings, technology, or equipment.
Ceiling price	Also called price cap, it is the mandated maximum amount a seller is allowed to charge for a product or service.
Competitive pricing	Pricing method of selecting strategic price points to best take advantage of a product or service based market relative to competition.
Conversion Rate	Conversion rate refers to the percentage of visitors to a website who end up buying something, filling a form, or some other desired action.
Cost Per Lead (CPL)	A digital marketing pricing model whereby the advertiser pays a pre-established price for each lead generated.
Cost Table	A database providing information about the impact on product costs of using different input resources, manufacturing processes, and design specifications

GLOSSARY

WORD	MEANING
Downsize	The permanent reduction of a company's labor force through the elimination of unproductive workers or divisions.
Due Diligence	The exercise of reasonable care in the course of business such as through investigation, audit, or review.
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization, or EBITDA, is a statistic used to assess a company's operating performance.
EPS	Earnings per share is the monetary value of earnings per outstanding share of common stock for a company.
Footfall	The number of consumers entering a store or shopping area measured against time, such as per hour, day, week, or month.
JV (Joint Venture)	A Joint Venture (JV) is a commercial partnership(arrangement) wherein two or more parties agree to pool their resources to accomplish a particular goal. This task could be the beginning of an entirely novel project or any other kind of business activity.
M&A	Mergers and acquisitions (M&A) are transactions wherein two companies combine in some way. Although the terms mergers and acquisitions (M&A) are used interchangeably, they have distinct legal implications. A merger is the joining of two firms of equal size to establish a new single business entity. An acquisition, on the other hand, occurs when a larger corporation acquires a smaller company, absorbing the smaller company's business.
Market Penetration	Market penetration indicates the extent to which a product or service is consumed by customers in relation to the overall expected market for that product or service.
Market Value (of company)	In a financial market, market value is typically used to quantify how much an asset or company is worth. It is mutually determined by market participants and is interchangeably used for a company’s market capitalization.
NPV	Net Present Value (NPV) is the value discounted to date of all future cash flows (positive and negative) over the life of an investment.
Penetration Rate	Market penetration rate is the percentage of a company's target market that is currently using its product or service. It is calculated by: Market Penetration Rate = (No. of Customers / Target Market Size) x 100
Profit margin	It is a measure of a company's revenue (or profit) relative to sales. The profit margin, expressed as a percentage, tells you how much you've earned for every rupee of sales.

GLOSSARY

WORD	MEANING
Q-commerce	Q-Commerce or quick commerce is an e-commerce trade model driven by prompt on-demand delivery; that is, the business tends to provide the ordered items within an hour of placing the order. The quick commerce model incorporates the advantages of e-commerce (conducting trade using the internet) and the traditional shopping experience (completing trade within minutes) to create a renewed business model that fulfils the increasing demands for swiftness while buying online.
Recapitalization	Recapitalization is the process of restructuring a company's debt and equity structure in order to stabilize the company's capital structure.
Return on Capital Employed	ROCE indicates the amount of profit a company is generating per ₹1 of capital employed. It is calculated by: ROCE = Earnings before Interest and Tax / Capital Employed
Risk Adjusted Return	A risk-adjusted return is the return, or potential return, of an investment calculated by considering the level of risk that must be accepted in order to achieve it. Risk is measured relative to a substantially risk-free investment.
ROAS	Return on ad spend refers to the amount of revenue generated for each Rupee spent on a campaign. It is calculated by: ROAS = (Revenue attributed to Ads / Cost of Ads) x 100
SKUs	A Stock Keeping Unit (SKU) is a scannable barcode most commonly printed on product labels at retail stores. This tag allows suppliers to automatically track inventory movements.
Synergy	Synergy is the concept that the combined value and performance of two companies will be greater than the sum of the separate individual parts. Synergy is a term that is most commonly used in the context of mergers and acquisitions (M&A).
USP	A Unique Selling Proposition (USP) is a feature or perceived advantage of a product that differentiates it from other competing brands in the market.
Valuation	Valuation is the analytical process of determining the present(or projected) value(worth) of an asset or enterprise.
Value based pricing	Value-based pricing is customer-centric, wherein companies base their pricing on how much customers value their products(perceived value).
YoY	Year-over-year growth compares a company's recent financial performance with its numbers for the same month, one year earlier.

TESTIMONIALS

Most students pick cases from university casebooks and give each other. However, many of these casebooks suffer from a serious lack of depth and quality. Though some casebooks are better than others and some cases have decent solutions, students often waste time scouting for good cases.

Due to the inadequacy of existing resources, candidates are dependent on buddies to fill the gap in preparation. Buddies provide good, relevant cases and valuable feedback afterwards. But due to time constraints they are not always available to give cases. The Case Book offers a comprehensive view of the basic frameworks covering multiple industry horizontals and solution verticals. Throughout the Case Book, enhanced readability is maintained while retaining the comprehensiveness of the cases.

The RCS Casebook 2022-2023 has 30 great cases and an excellent guide for beginners to practice and accustom themselves to case solving skills.

~ Aashish Jhunjhunwala

Strategy @ Tata Digital | IIM Calcutta (Institute Ranker) | CA | CS | CFA | FRM | CEMS MIM - UOC, Germany | Xaverian | Ex - BCG, Goldman, NIIF, Gaja Capital

The Ramjas Consulting Society has done a phenomenal job at compiling the first edition of its casebook. The casebook is not just comprehensive with its coverage of frameworks and industries but also spans across multiple levels of difficulties, thus aiding the prep journey of all candidates.

The inclusion of excel functions, brain teasers and interview experience makes it one of a kind. I recommend every candidate across undergrad and postgrad colleges to leverage this as a ready reckoner and one-stop solution for their consulting prep journey.

~ Pratik Ranjan

Project Leader, Boston Consulting Group

Though the 1st edition, Ramjas Consulting Society's Casebook provides a comprehensive overview of the Consulting industry. The practicality of cases, widely varying industry and difficulty levels will surely pique a consulting aspirant’s interest.

~ Dushyant Garg

BCG | CA (Rankholder) | Ex-Kotak IB

TESTIMONIALS

I had the privilege of reviewing the casebook prepared by the Ramjas Consulting Society, and I must say, I was thoroughly impressed. The casebook is a comprehensive and insightful collection of real-life cases that reflect the diverse challenges faced by organizations today. Each case study is carefully crafted and presented in a way that allows readers to understand the intricacies of the problem, the context in which it occurred, and the proposed solutions.

What sets this casebook apart is the depth and breadth of the cases covered. The language used is simple and easy to understand, making it accessible to students, professionals, and anyone interested in learning more about real-life business challenges.

I would highly recommend this casebook to anyone looking to gain practical insights into the world of business. It is an excellent resource for students, educators, and professionals alike, and the Ramjas Consulting Society should be commended for their efforts in putting together such a valuable resource.

~ Sandesh Dholakia
Founder, Case Ace

This casebook prepared by Ramjas Consulting Society is a goldmine for anyone who wants to get into consulting (or even solve problems of life flawlessly).

I must say, I am thoroughly impressed by the hard work, dedication and commitment the students have shown to prepare this well-researched and expertly crafted booklet, which provides an in-depth analysis of the subject matter.

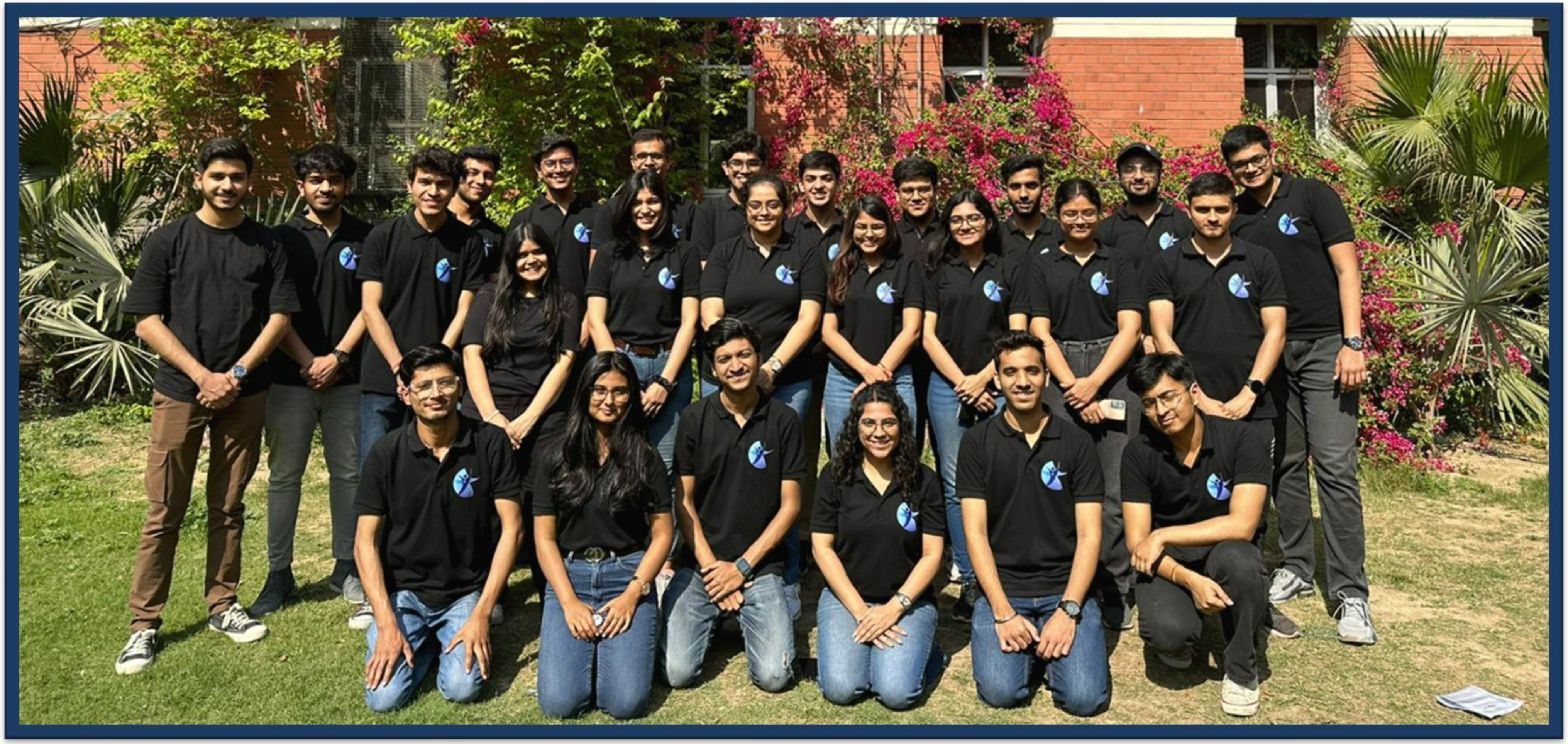
What stood out to me was the attention to detail and ease of understanding that was taken into account for presenting the information in a clear and concise manner. Not to forget, the layout and design is visually appealing and easy to navigate, making it a cakewalk to follow the case studies and understand their implications.

Overall, I have to hand it to the members of RCS for making academic research both informative and fun!

If you're looking for something to read that will make you feel smarter and cooler at the same time, this booklet is where it's at. Keep up the awesome work!

~ Ananya Narang
Building in Stealth Ex-KPMG | Harvard Asia Conference'22 | SRCC'22 | AIR 6 CBSE'19 | Foxstory 40U40, Hindustan Times

OUR TEAM



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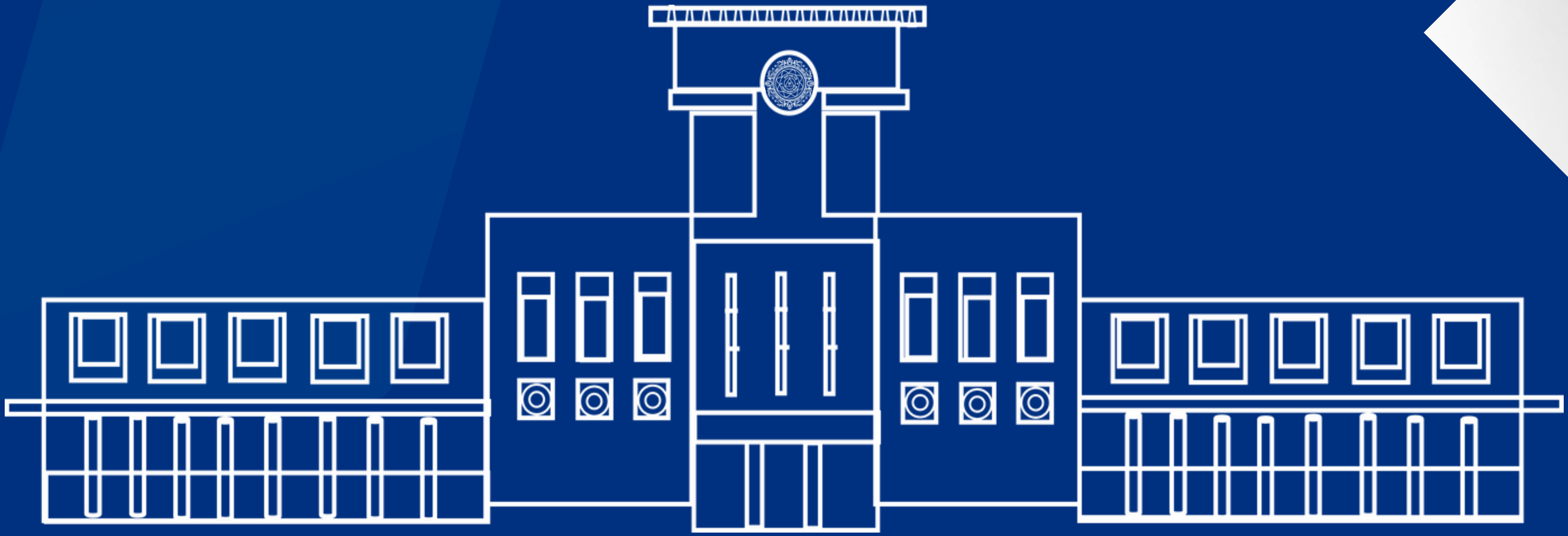

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