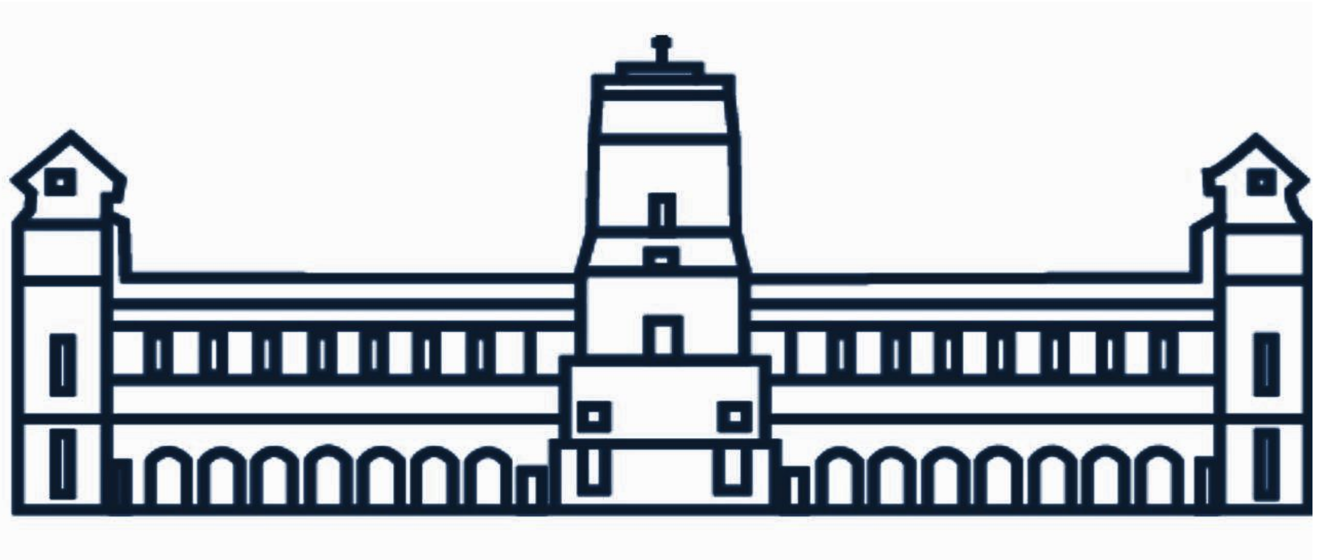
Prepared By

STUDENTS OF ST.STEPHEN'S COLLEGE



The Undergraduate Case Interview Handbook

AN UNDERGRADUATE'S GUIDE TO ACING CASE INTERVIEWS

Acknowledgements

CONTRIBUTORS

We are extremely grateful to all those who contributed their cases for the purpose of making this management consulting casebook exclusively for undergraduates. Their insights, approach and guidance have helped us prepare a comprehensive preparation resources for undergraduates aspiring to enter the world of management consulting.

We would like to extend our acknowledgement to the contributors of the current edition of the **Undergraduate Case Interview Handbook** as well as the feedback from our alumni which has helped us refine and shape the document. The extent of their inputs and involvement was inspiring and helped us successfully cross the finish line. Alphabetically: **Jyotsana Raje, Callistine Lewis, Kashica Agarwal, Pragati Rastogi, Rhea Bhatia, Rhythm Jain, Siddharth B, Shreya Murarka, Sunish Bansal, Surbhi Bassi and Vamika Singh.**

INSTITUTIONS

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We are deeply sorry if we have missed mentioning any of you who have been on this fun journey with us.

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Introducing the IFSA Undergraduate Casebook

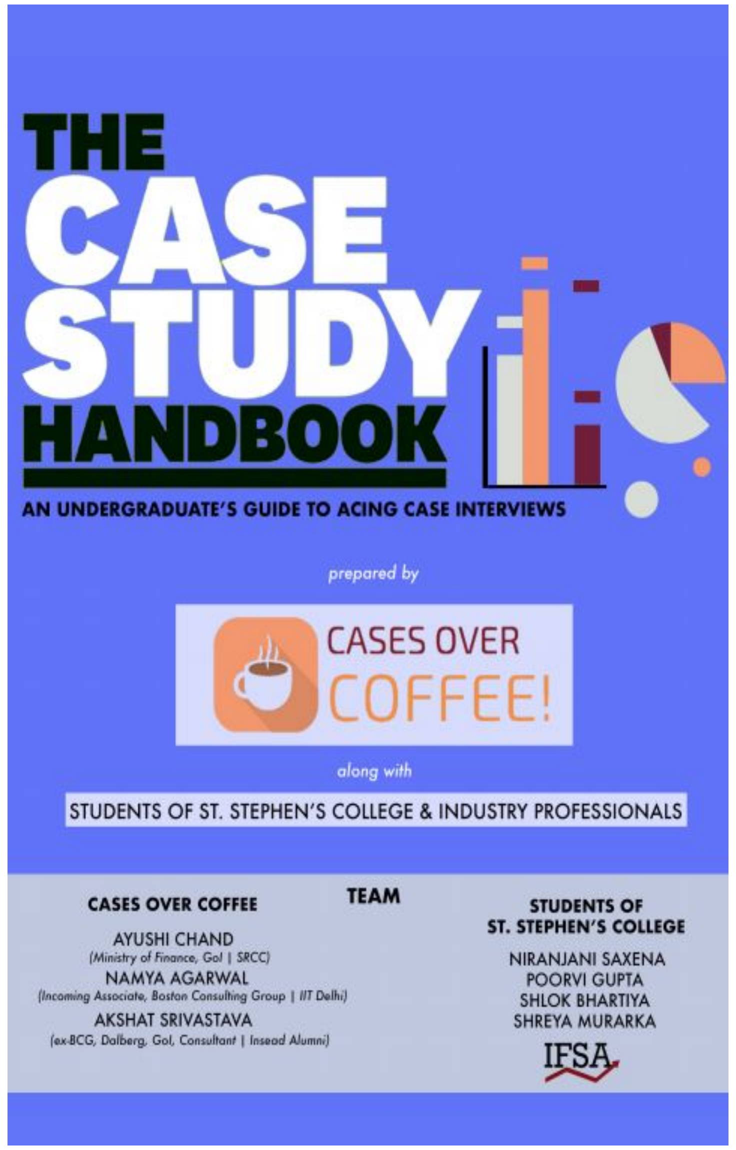
IFSA St. Stephen's began it journey of editing and compiling case interviews exclusively for **undergraduates** in 2020, we were one of the first clubs in Delhi University to do so. We collaborated with **Cases Over Coffee** and created **first Undergraduate Casebook** in the country, this casebook helped **25,000+ students** across **60+ Universities** in their case preparation last year.

Continuing with this initiative, this year, our team has compiled an extremely comprehensive casebook guide from the interviews of current and **incoming McKinsey, Bain, BCG, Kearney consultants** to assist, guide and provide the complete spectrum of management consulting to those undergraduates aspiring to enter into this field.

The casebook aims to give the reader a comprehensive view of the type of cases that form a significant part of consulting interviews. In this casebook, we have compiled, curated and polished actual cases in consulting interviews. We have also created an exhaustive question bank with solutions to encourage the readers to practice more cases. We hope that this casebook helps you in your preparation.

All the Best!

What is different in this year's Case Book?



IFSA St. Stephen's & Cases Over Coffee Casebook 2019-20

5+ Cases

Cases From:

Dalberg, BCG (Boston Consulting Group)

IFSA St. Stephen's Undergraduate Casebook 2020-21

60+ Cases

Cases From:

McKinsey & Company, BCG (Boston Consulting Group), Bain & Company, Dalberg, Kearney, KPMG

How to Approach Case Preparation?

Hi, so we know that glancing through the casebook you found the process of Case Interview Preparation overwhelming and we understand where you're coming from. We're here to **breakdown the process** for you and to make it **simpler** and **structured**. We recommend you follow this process, but you're welcome to make changes to the process because there is not one method you can follow to ace your case interviews. This method is used by many students at Delhi University and at IITs. This has proved helpful for a lot of students including an **Incoming Consultant at McKinsey & Company.**

Step 1: Read the theory to understand frameworks, we recommend books such as Case Interview Secrets and Case Interview Cracked for the same.

Step 2: Do cases with your buddies or case mentors and evolve your case framework.It is important to evolve your frameworks based on your past performance.

Step 3: Apply these evolved frameworks to various cases while doing cases with your buddies.

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

Introduction: How to use the Casebook?

Once you've evolved your frameworks, use this Case Book to test on the various Real Cases which have been asked in the past year at **Undergraduate Case Interviews.**

A

Compare your approach with the alternate approaches given by those who successfully cracked interviews.

B

Go to the interview with an open mind. Keep various approaches in mind and apply them based on the situation. **Do not force fit** any framework.

C

STRUCTURE OF THE BOOK

- PART A- Guesstimates
- PART B- Cases

Real case transcripts by undergraduate students in India who successfully converted their interviews

- PART C- Question Bank

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

Make sure you **use this resource wisely,** you can either use this towards the end of your case preparation in isolation to brush up your frameworks one or two days before the interview. You could also use these cases as a reference point while you're building frameworks with your buddies.

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PART A:
Previous Year Case Transcripts - Guesstimates

REAL CASES SOLVED BY UNDERGRADS IN PAST INTERVIEWS

Guesstimate- *ACs in India*

Estimate the number of ACs in India.
Thank you for the case statement. I would like to ask some clarifying questions.
Sure, go ahead!
Are we looking at both residential and commercial ACs (those in malls, offices, etc)?
No, limit it only to residential ACs.
Okay. Am I expected to calculate the number of ACs in India as of today, or the number of ACs sold this year?
We are not talking about sales here.
Okay. We can take the average family size to be 4 in India. Though there are families of bigger and smaller sizes, we will use this simplification. Hence for a population of 1.3 bn we get 0.32 bn families.
Okay, what other factors would you like to consider?
Income distribution in the population will play a major role in determining the number of ACs because they are expensive- around INR 25000 to 45000.
Great. Please elaborate on this.
A Middle Class (MC) family has an income in the range of 16,000 to 32,000 pm, with the average being skewed towards the lower limit. Given the AC cost is more than a month's salary,

I do not think that the Middle Class would be able to afford ACs. Obviously the Below Poverty Line (BPL) and Lower Middle Class (LMC) families would not be able to afford it as well.
Okay. What about Upper Middle Class families and above?
It is safe to assume that upper middle class families (with a monthly income of INR 32000 to INR 80000) would have one AC each. High income families (with a monthly income of INR 80000 to INR 200000) would possibly have 2 ACs and those above that would have 3 ACs. Of course, there will be outliers, but I am neglecting those as they won't affect our final figures much
Sounds good.
Can I please take a few minutes to estimate the numbers?
Sure.
Based on assumptions, there are _____ ACs in India.
Thank you. That would be all.

Guesstimate- *ATM Withdrawals*

Estimate the number of ATM withdrawals in Delhi in a week.

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

Sure, go ahead!

Do I need to estimate the total money withdrawn, or only the number of withdrawals?

You only need to estimate the number of withdrawals, not the amount.

Right. Should I take a Demand Side or a Supply side approach to my analysis?

(Demand side = How much people demand / Supply side = How much ATMs can supply)

Take the demand side approach.

Okay. Are we looking at household demand or commercial demand?

You should consider both types of demand.

Okay. Let us first begin with household demand. I propose the following method. Let us first convert population figures to households as withdrawals are usually done for household units. We can also use income brackets as a proxy for accessibility and affordability of having a bank account.. Finally this gives us a formula:

Household ATM usage = Number of family units with access * Number of withdrawals per household per week

That sounds good. You may proceed. Delhi's population is 2 crores.

Okay. As Delhi is a metro, we can assume a family size of 5, which gives us 40 lakh families. Assuming that the top 30% of the population has access to debit cards for ATM withdrawals, we get 12 lakh families using ATMs.

Now, to estimate the number of withdrawals a week, I will use the fact that my mother goes to the ATM once a week. To adjust for the fact that some bachelors and households may use ATMs more than once, we can extrapolate 12 lakh by adding 5% to it.

Therefore, total weekly household ATM withdrawals = 12*1.05*1 = 12.6 lakh

As an aside, what factors would influence the amount per withdrawal?

Amount per withdrawal would depend on factors like family wealth, lifestyle, discretionary spending, banking habits and family size among others.

Okay. Please continue with your estimation.

Sure. Now we look at commercial demand.
To do our analysis, let us make the reasonable assumption that each commercial unit will use the ATM twice, once to withdraw change in the morning and once to deposit earnings in the evening.

.However, we're only considering withdrawal.

This gives us the following formula:

Number of shops on Delhi with ATM*Number of days of operation in a week*1.

Okay. Please proceed.

Let us take an area approach to calculate the number of shops. In my locality, there are various shops, but only 4 big enough to use an ATM card.

Radius of Delhi is around 20 km, which gives us a total area of 1256 sq. km. Therefore, total number of shops with ATMs = 1256*4=5024.

This approximation averages out some areas with higher concentrations, such as malls, and some with less concentration, as there are rural areas in Delhi too.

Taking number of operating days as 6, gives us 5024*6 = 30 thousand commercial ATM withdrawals in a week.

Adding commercial and household usage, we get total weekly ATM withdrawals as around 13 lakh.

That sounds good. Let us proceed. Can you think of creative ways of monetizing ATMs, excluding advertisements?

To creatively monetize, we could use the slot of the ATM machine to our advantage. For example, we could use it to sell card recharges, metro tokens, or parking tickets.

We could also sell movie tickets.

Thank You. That is all. Have a good day.

Guesstimate- *Grocery Markets*

Estimate the size of the grocery market in Delhi.

Thank you for the case statement. May I ask some clarifying questions?

Sure, go ahead!

What is meant by the size of the grocery market here?

Consider it to be the total grocery expenditure in Delhi.

Okay. Now does this include only final consumption expenditure made by households on groceries or even intermediate consumption by restaurants etc. for further production?

Consider only the expenditure made on groceries by households. For example, on thelas, small shops, supermarkets or online.

Okay, thank you for the information! Since Delhi is a metropolitan area, we assume the household size to be 4. The total population of the state is 2 crore people. Hence, there are roughly 25 lakh households in Delhi.

Looking at the income distribution of the state, I would say approximately a% of households belong to the low-income group, b% to the middle-income group, and c% to the high-income group. Is this acceptable?

Yes, go ahead!

Right. So, the high income group would approximately be likely to spend p% of their income on groceries.

Likewise, the middle and low-income groups would likely spend q% and r% of their income on groceries, respectively. This likeness to spend on groceries increases inversely with income levels.

Now, we just need to compute the values of these. May I take a few seconds to do the required calculations?

Yes sure!

I estimate that the size of the grocery market in Delhi is Rs.

- [a%*(x/4)*Ylow*r%]+[b%*(x/4)*Ymid*q%]+{c%(x/4)*Yhigh*p%}.

So essentially, in this guesstimate, by logically segmenting populations into various groups and applying basic economic concepts such as final and intermediate expenditure, consumer expenditure behaviours and effect of income levels of consumption behaviour, I have estimated the size of the Delhi grocery market.

This was an interesting analysis and approach. Thank you so much. That would be all, you may leave.

Guesstimate- *Vehicles*

An insurance company is looking into entering the Indian market for personal motor vehicle insurance and you have to estimate the size of the market for the same.

Right. What kind of vehicles are we considering?

We will be considering both two-wheelers and four-wheelers.

What is the time frame that we're looking at?

We are looking at the annual market size.

Got it! Next, do I have to calculate the market size in terms of the number of vehicles or the market value?

In terms of number of vehicles.

So, the goal is to look at the total number of relevant vehicles purchased and hence the percentage of vehicles the company would be catering to .

Perfect, let's get started.

So let's assume two levels 2 levels of segmentation:

- Urban v/s rural
- Income level

Sounds good. Go ahead!

So assuming the the Indian population to be 1.2 Bn and the rural and urban segments to be 70% and 30% of the population respectively, we get -

- Rural : 70% of 1.2 Bn (840 Mn)
- Urban : 30% of 1.2 Bn (360 Mn)

Since a vehicle is a household commodity, the aim is to estimate the number of households

Okay,

I am making the assumption that the average household size is -

- Rural : 5
- Urban : 4

Sure. That is a fair assumption.

Okay. So this gives us-
Number of rural households = ((70% of 1.2 Bn) / 5) which is ~170 Mn
Number of urban households = ((30% of 1.2 Bn) / 4) which is 90 Mn

That makes sense.

I will further divide the rural households on the basis of income:

- Below poverty line (30%)
- Lower income group (40%)
- Middle income group (25%)
- Higher income group (5%)

Would you like to consider all four of these segments?

BPL and lower income groups would not have vehicles so these can be neglected.

Yes, that is fair. We don't have to explore that. You can move ahead.

Since we're looking at both 2 wheelers and 4 wheelers, I'm assuming that 60% of the middle income group in rural India would have 1 two-wheeler and 20% would have 1 four wheeler.

This gives ~32 million vehicles in the middle income household.
These numbers make sense.
In the higher income group, I’m assuming 40% would have 1 four-wheeler and 80% would have 1 two-wheeler. Using these figures, we get ~11 million vehicles in the higher income group.
Okay sounds good. So what would the total number be?
Number of vehicles in rural areas: ~45 Million. I will be using a similar approach for urban areas.
Perfect. You don't need to show that. Thank you so much:)

Guesstimate- *Covid Cases*

Calculate the percentage of people in Delhi affected by Covid.

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

Sure, go ahead!

By Delhi, should I consider Delhi or Delhi NCR since it affects the base population number.

You can just consider Delhi.

Since there has been a lot of reverse migration, what date and base population are we looking at?

You may consider the year 2020 and take the estimated population of Delhi to be 2 Cr.

Kindly clarify if we are looking at the percentage of people officially tested positive for Covid or the total affected.

Let's consider the total population.

Thank you. I would like to consider the following three filters: Income (as it is a proxy for degree of congestion and awareness), age and percentage of people affected in each age group.

Okay. You may proceed with these filters.

Let us consider the population of Delhi to be approximately 2 crores. We have 20% of the population as Below Poverty Line, 50% belonging to the middle-income group and 30% with high income.

Within BPL, we may have 3 age categories as a proxy for risk factor, based on immunity. We have 25% below 18 years of age, 50% middle aged and 25% above 60 years of age.

Would you like me to add anything else or should I proceed?

Sounds good. Now you may elaborate on the degree of covid positivity within each age and income group.

Okay. The possibility of being Covid positive is particularly high in lower income groups as they are more likely to venture out in the pandemic in search of work or to earn livelihood.

It is also positively related to age as the proportion of working individuals is higher in the older age groups.

Now that you have identified the degree of covid positivity in the different groups, could you triangulate these parameters and arrive at a number?

Our calculation is based on assessment of the environment and immunity of the people. We can triangulate this by sourcing data from labs in Delhi on covid positivity number.

However, that number would be low and will need to be upward adjusted, since not all covid cases are tested for and reported.

Guesstimate- *Women Owned Business*

Estimate the number of women-owned businesses in India.

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

Sure, go ahead!

When we say ‘women-owned businesses’, are we referring to women entrepreneurs who have started their own businesses?

Yes, that’s right.

Do we consider both rural and urban India?

Yes

So, I would like to segment India into rural and urban areas, as the likelihood of a woman starting a business would be vastly different in the two areas.
For each segment, I will first estimate the number of women who are currently working, and then out of these, how many are likely to start a business.
The final step will be to add up numbers to get the number of women who own businesses, assuming that a woman creates only one business setup.

Is this approach acceptable?

Sounds good. Go ahead !

According to me, we can classify the rural population into three age groups:

- Below 16
- 16 to 65 and
- Above 65

We will further classify on the basis of gender groups.

The Female Labour Force Participation Rate (FLFPR) is X.
Out of these, how many actually start a business will depend upon the income levels.

Okay. What next?

Then we exactly repeat this process for Urban areas. Segmenting the populations into age and gender groups and using the FLFPR and income levels to estimate the number of women who are likely to start businesses.

We thus find that there are Y women-owned businesses in India.
To summarize, we first segmented the population into appropriate groups, and then used a widely accepted metric FLFPR and income levels to estimate the number of women-owned businesses in India.

Sounds good! Thank you and that will be all.

Guesstimate- *Steel Wire*

Your client produces steel wires which are used for fencing fields by farmers. Estimate their sales.

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

Sure, go ahead!

How are the steel wires being used?

These wires are used specifically to protect farms from grazing cattle.

Okay. To get a starting point for my analysis, what is the size of agricultural land in India?

You may assume that demand is from Punjab only, and the size of agricultural land is 1 million acres.

What is the price of these wires?

The prices have not been decided yet. You may estimate the length in meters.

Are these wires electrified?

No. They aren't.

What is the competitive environment?

You may just estimate the total market size. There is no need to segment the market competitively.

Can I assume that our product has substitutes like wood fences, makeshift fences, scarecrows and family members who act as guards? Is this correct?

Yes. These assumptions are perfectly fine.

Okay sir. Thank you. I would like to divide farm holdings into two types: those owned by high income farmers and those by smaller ones.

OK. You may assume a 50-50 split in these two types of holdings.

OK Sir. Moving with the assumption that average farm size is 10 acres for the large farms and 3 acres for the smaller ones, gives us that there are around 50000 large farms, and ~1.6 lac small farms.

We can also assume that a larger proportion of large farms (~80%) are potential buyers compared to smaller farms (~50%).

This is because steel fencing is a superior solution to its substitutes and is also more expensive. (hence unaffordable for many small farmers).

OK. You may continue.

With these assumptions, to get a 10 acre plot of land, we can approximate dimensions to be 250m*250m, giving us a perimeter of 1km (on average) for large farms and similarly, 150m*150m for small farms, giving us a perimeter of ~500m

On another note, some small farmers may also choose to fence fewer sides of the land per affordability and ability to invest.

To simplify calculations, let us assume that of small farms, 10% decide to fence on 2 sides. (This figure is assumed to average out those fencing 1 and 3 sides, with proper weighting). Now, this gives us a perimeter of ~300m.

Therefore, total demand would equal:

- For Large Farms: 50000∗80%*1000 = **40000 km**
- For Small Farms: (160000∗50%*500) + (160000∗10%*300) = **44800 km ~ 45000 km**

Therefore, according to my estimation, total demand for steel wires, (assuming that farms only need to be fenced with 1 wire) would be around **85000 km.**

That will be all. Thank You.

PART B:

Previous Year Case Transcripts - Cases

REAL CASES SOLVED BY UNDERGRADS IN PAST INTERVIEWS

Profitability- *Airline*

Based on the Caselet, the profit is declining for Airline X. The CEO is asking you to find the reason and recommend ways to fix it.

Thank you for the case. I would like to take a minute to collect my thoughts.

Sure.

Before we start solving the case, I had a few questions.

Go on.

In which country is our airline situated?

The airline operates in India.

Is the decline in profits seen across the industry or specific to our firm?

So, the rest of the industry seems to be doing fine; however, our profits have taken a hit.

Right. When onwards have we encountered this decline in profits?

Well, It started about a year back.

Okay.I would split the Profit into two parts :

- Profits = Revenue - Cost

I will start with revenues first. Has the firm seen a decline in revenues in the past year?

No, the revenues have remained steady.

Right. Have we experienced any changes in our cost?

Yes, the costs have gone up over the past year.

Airline costs have the following drivers :

- Capital Costs: Airplanes, Equipment, Misc.
- Operational Costs: Labour Costs, Fuel Costs, Maintenance Costs, Misc.

So, there have been no changes under the capital cost head. However, our fuel costs have risen over the past year.

So the reason for the decline in profits is an increase in fuel costs.
In order to determine the reason behind it :

- Fuel Cost = (Number of kms flown **x** litres of fuel required per km) **x** price per litre

Has there been an increase in the kms flown or a reduction in the efficiency?

No, we don't observe them changing.

Then, has the price of fuel per litre gone up?

Yes!

I would like to ask what kind of fuel we use and do the other airlines use the same?

We use the Airplane Turbine Fuel (ATF), same as all the other airlines.

Have they experienced an increase in the price of fuel per litre?

No.

Oh, so we can look at fuel price per litre in terms of the value chain :
Production > Transportation > Storage > Filling
In the value chain - has there been a change in production or transportation costs?

Actually yes - the country we buy oil from is currently undergoing a war and hence our costs have risen. Good work, what do you recommend that we do ?

We need to ensure that we face the same fuel price as before. In order to do that , we could explain the following alternatives : ● Diversify : we can import fuel from other countries till the war ends. ● Financial Instruments : We can explore options like hedging the price of fuel in order to protect ourselves from such fuel price increases in future.
That sounds good. That would do. Thank you.

Profitability- *Perfume*

The client is a perfume manufacturer who is experiencing a decline in profits. Find the reasons for this decline and suggest solutions.
Thank you for the case statement. I would like to ask some clarifying questions.
Sure, go ahead!
Could you specify the location of the company's operations?
The company is operating in India.
What part of the value chain are they operating in?
They follow a third party distribution system.
Since when has the client been facing this decline and do we have an exact number to quantify it?
It is a 20% decline and they've been experiencing it for the past 1 year.
Is it an issue pertaining to only this individual company or is it an industry wide trend?
It is just being faced by the client company.
What type of product are we talking about here?
It is just the flagship product.
Okay. Thank you for the clarifications. We know that, • Profit equals revenue minus cost. (Profit = Revenue - Cost) Therefore, the problem in question can be a revenue problem, a cost problem or a combination of both.Is there any other information on the revenue side?

The revenues had remained constant and the costs were increasing.
Costs were segmented into fixed and variable costs. Is it fine if I proceed with the fixed cost?
Yes, sure.
Fixed costs faced by the client may be of the following types: Rent, EMI in case the company owns the land, labour cost, utility cost.
There is no change in the fixed cost so you can move onto the variable cost.
Variable costs can be of the following types: raw material costs, packaging, manufacturing, marketing, distribution costs due to third party retailers. Are there any changes in any of the variable costs mentioned?
The raw material costs have increased and packaging has changed. You can directly move to packaging.
The possible reasons for increase in packaging costs could be due to using different materials, processing costs for packaging may have increased, packaging could be producing more waste material, product bundling due to which per unit costs have increased, use of materials through which the consumer can check the fragrance of the perfume through its packaging.
These are not the areas of issue. We can end the case here.

Profitability- *Steel Roads*

Your client is a producer of steel rods. It has seen a decline in profits recently. You have been called to find out why.	Yes, go ahead.
Thank you for the case. Could I start by asking for a few clarifications?	So, revenues could have declined because of a change in price or quantity. Which one should I examine first?
Sure, go ahead.	A price change would involve more complications concerning elasticity, etc. So go ahead with a constant price and a decline in quantity.
Thank you. So, I would like to know about the geography of our client.	Okay. Do we know if other players in the market are also facing this problem?
The company is based in India, mainly in North India.	The steel sector is locally dominated- the players have taken over different geographical pockets. All players have been impacted but our client has been impacted the most.
Since I'm quite unaware of the steel industry, Could you elaborate on what steel rods mean here?	So it seems that this can be a regional issue. In order to delve deep into the problem, I'd like to understand which parts of the supply chain our client operates in?
Think of them as the rods you see sticking out of buildings under construction. Our client makes such TMT bars of different sizes.	It is involved in both production and distribution.
Do we have a number associated with the decline in profits?	Do we know of any change in production?
No, we don't have any data for that.	Not really. We haven't observed that.
Okay. A profit decline could be because of two reasons- revenue or cost. Which of these has seen a change recently?	Then this means that the problem lies in distribution or customer pull. Have our distribution margins decreased or has there been a change in the customer preferences?
Both revenue and costs have declined.	Yes, we have noticed a change in preferences at the end of the consumer.
Okay. Now, if revenue declines then the client would reduce production and hence costs would also decline. Based on this hypothesis, I would first like to look at the revenue decline. Does this sound fair?	Okay, The change in customer preferences may either be due to a change in our product (internal factors) or a change in the product offerings of competitors (external factors). So, has there been a change in our product offering?

No
Then we look at the products offered by competitors. Competitors may be existing companies or any new entrants in the market. Has there been a change in the product offering of our existing competitors?
There is no change in the product offering of competitors
Has any new player entered the market recently?
Yes, eight months back.
Okay. Is there any difference in product features of the entrant from ours?
None.
Is there a difference in their pricing?
Yes, the new entrant is recycling steel scrap and hence has lower costs of production. On the other hand, our client is an end-to-end producer and incurs higher costs. So, the new entrant sells his product at a lower price. Good.
Okay, I will summarise the case now. Our client, a producer of steel rods, was experiencing a decline in profits (a decline in both revenue and costs). In order to analyse the situation, I took the revenue route wherein the problem appeared to be a change in consumer preferences. As concluded, a new entrant offering the product at a lower price is the reason behind our client’s declining profits.

Profitability- *Airport*

The client is the Delhi airport that has been seeing declining profits. Find out the reason for declining profits.

Thank you for the case statement. I would like to repeat the question once to check if I've understood it correctly – so the Delhi airport has seen falling profits and we need to figure out why that's happening,have I got it correct?

Right.

Great, I'd like to take 30 seconds to frame a few questions first.

Okay.

Okay, so-for how long have the profits been declining?

For the past one year.

Okay. By how much have the profits fallen in the past one year?

They've fallen by 10%

Right. I'd now like to understand the revenue streams of the Delhi airport – I can think of a few of the major ones being fees/rent from the airline operators, rent from stores operating in the premises, advertisements, etc.

That sounds fair, let's go ahead with the 3 streams you mentioned.

Understood. I'd like to begin by breaking down profits into revenue and costs. Have we seen declining revenues or increasing costs in the past one year?

Yes, our revenues have declined by around 10%, though our costs have more or less remained the same.

In that case, I'd like to break down revenue into the three major revenue streams we discussed earlier. Have we observed falling revenues in either of these specifically? – airline operator fees, store rent, and/or advertisements?

Our store rent has taken a hit, yes.

Okay, then let's focus on this particular revenue stream. We can divide revenues from store rent into *the number of operating stores * revenue per store*. Have we seen a change in either of these?

There has been no change in the number of stores. However, rent earned from most of the stores has fallen.

Okay. Could you tell me more about the rent structure – what are the fixed and variable components of it, etc.?

Sure. There is a fixed base-rent, and the remaining portion is a fixed proportion of the sales made by the store.

Fair enough. Have we seen a fall in the base rent or the variable rent?

It's the sales-dependent rent that has taken a hit.

Do we know if the proportion has changed or the stores have seen a decline in sales?

The proportion charged has remained the same.

Got it. So we now know that the airport profits have been declining because of the stores seeing a fall in their sales and thus, negatively impacting our rent revenue. May I take 30 seconds to develop an approach from here?

Yes, go ahead.

We can divide the store revenue into the number of customers into revenue *per* customer. Which of these has seen a decline?

We have seen a falling number of customers visiting the stores.

I see. This in turn could be because of a fall in footfall on the airport and/or a decline in customers' propensity to visit these stores.

Well, the footfall to the airport has actually increased in the last year vis-à-vis previously.

Okay, sure. Then we will look at the customers' propensity to visit these stores, which can be divided into their ability and their willingness to do the same.

Could you break these two down further for me? How do we know which one's the case here?

Sure. Factors restricting customers to visit could be reduced free time available, reduced accessibility of the stores, among others. Lack of willingness could be because of a change in the stores on the airport, poor marketing, change in consumer trends, etc. The latter seems less likely though, since most of the stores have seen a revenue fall as you mentioned earlier.

Very well. In fact, the time available to passengers in the waiting area after the security check has significantly reduced, because of a change in the airport policy around a year ago causing an increase in the time spent in completing the security check procedures.

Right, okay!

So, I think we have found the cause for the decline in profits over the past year – higher time taken for security check leaving significantly less time for customers to visit stores.

Yes, that sounds right. Could you quickly give a few suggestions to tackle this, post which we can wrap up the case?

Of course. I think we can further break this down as suggesting changes to reduce security check time and/or those that do not involve reducing the same.

For the latter, we could formally push the deadline to get the security check a little earlier, so that customers arrive at the airport earlier than they used to before, leaving more time for them to shop.

For the former, we should figure out ways to make the security checking process more efficient – say by increasing the number of lanes (and employing more people as a result there), consider using detectors for more of the items that customers are typically expected to separately keep in the basket, etc.

Sounds good. Let's end the case here.

Thank you!

Profitability- *Airline*

An airline company has been experiencing losses for the past 3-4 years which was originally profitable. Find out the reasons for these losses and recommend solutions to tackle it.
Thank you for the case statement. I would like to ask some clarifying questions.
Sure, go ahead!
Are we talking about a passenger flight company or a cargo flight company?
The client company operates passenger flights.
What is the market like?
The market is highly competitive in nature.
Which geographies does the company operate in?
No geography per se, it is a national airline.
Since it is a passenger flight, is it full service?
Yes.
Is it an issue that only our client is facing or is it an industry wide trend?
It is just being faced by the client company.
Okay. Thank you for the clarifications. We know that, • Profit equals revenue minus cost. (Profit = Revenue - Cost)

Here, you can just focus on the cost side which has increased. Focus on the broad cost-heads that you think an airline company would have.
Major cost heads could be maintenance, fuel, food & beverages, employee cost, airport cost (for parking,etc.). Am I missing something or should I proceed ahead?
These are perfect. You can move ahead.
Do we have any information about change in any of these or should I explore these individually?
No, it's just the fuel cost which has been increasing so you may only elaborate on that.
The possible causes for an increase in fuel costs could be a decrease in efficiency thereby increasing the fuel requirement, an increase in fuel or an increase in distance travelled. Am I missing something or should I proceed ahead?
No, you may proceed with your explanation of these causes.
I would like to clarify whether there is any difference in the fuel supplier? Are the competitors paying a lower price?
No, assume that there is just one supplier providing fuel to all companies.
Since fuel prices are extremely volatile, Airline companies often engage in hedging. It is possible that our client has not been actively participating in this regard.
Yes, that’s precisely the issue.

I would also like to connect the increase in fuel costs to a decline in efficiency of their existing technology. It's possible that the aircrafts are older models. Since airline technology is constantly updating, the client's aircraft models require more fuel as compared to their competitors.
Yes, that's right.The client had merged with another company a few years back and had to thus operate the older aircraft models.
Fuel costs could also increase due to an increase in the distance travelled. This could be because the number of routes taken have increased with an increase in the number of destinations and number of flights operated or possible political issues due to which certain airspaces are restricted and flights have to take longer routes.
No, these are not the reasons. It has just increased for the client company. What do you think is the possible customer segment for our airline?
Since it is a full-service airline, it must be more expensive as compared to other flights which do not provide certain services. Therefore, the customer segment must comprise business people and a rich class.
Yes. You've correctly identified our customer base. Now relate it to the increasing fuel costs.
Essentially, people working in corporations such as consultants prefer to take either early morning or late night flights so that they can work during the day. Since our flights are also operating in the busy-hours, it is implied that there is a lot of traffic at the airport. Therefore, before our flights take off, they have to travel a considerable distance (for air strips etc.) which is possibly why our fuel cost is increasing.

Yes, this is correct. Where else do you think a similar problem could happen?
The client may face a similar problem when the flights are landing. The flights may have to wait for a considerable amount of time before runways are available for landing.
Yes, this is correct. We can move on to the recommendations now.
I would like to give the following recommendations to the client: enter into hedging agreements, phase out the older aircraft models and bring in updated technology, space out the flights provided it doesn't affect the client company's market share.

Revenue- *Nature's Basket*

Estimate revenue from opening grocery stores in Delhi.

Thank you for the case. I would like to ask a couple of preliminary questions.

Sure, go on.

What kind of products does the client want to sell in their stores?

They want to sell general day-to-day household items along with fresh and preserved foods.

Who are the other players operating in the space at present?

Presently, there are 4 competitors operating in the same segment like Reliance, 24-7.

Based on this information, is it fair to say that our market share would be 1/5th of the total market size, assuming all the players get an equal share?

That's a reasonable assumption.

Generally, there are 2 kinds of purchases that grocery shops cater to- Monthly household and Discretionary purchases.
Since discretionary purchases contribute only a small portion of the revenue - I would initially look at the regular monthly purchases.

Sure, go on.

To begin with, I need to compute the market share. For this purpose, I would like to calculate the number of stores estimated to open in Delhi.

Sounds Good

Based on my observation, players like Reliance have a store every 5 km. Can we take that as an assumption for our spacing as well?

Yes, we can work with that.

So to simplify, I will assume that Delhi state has a radius of 20km and since we need to have a store in every 5 km radius.

- We get : π*20∗20 / π*5∗5 = 16 stores.

So we are looking at opening around 16 stores in the region.
In order to compute the market share that our client gets, we now need to see the number of households each such store shall cater to.

You can assume that there are 500 households in each 5 km radius.

Right, so since we have 5 competitors who get an equal share of the market, we shall get 500/5 = 100 households.

That's right.

Typically, grocery shops get most of their customers in the form of households. In my experience, households spend on a monthly basis to buy their utility items. I shall assume their average purchase to be Rs 1000 per household. Is that Okay?

Yes, we can work with that assumption.

Then our revenue per month across all stores from household purchases would be :

- 16(number of stores) *100 (households per store) *1,000 (average purchase) = Rs. 16,00,000

That'd be all. Thank you.

Revenue- *Steel Wires*

You are the head of the steel wires division of a company and we get the wire rod from a parent company. We are experiencing stagnation and the aim is to increase the revenue by 2X. How will you do it?

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

Sure, go ahead!

What is the geography in which the company operates?

It is pan-India.

Right. Also,what is the time frame at hand for increasing the revenue?

About 3-5 years.

Got it ! Could you give me a brief idea as to how the company functions?

We have a manufacturing unit in Mumbai. We draw sheets into wires and the marketing is done by us. We are the only pan-national companies and all the other competitors are local and unorganized.

Understood .What are the customer segments we target?

We have 2 segments:

- B2C: Here, we target farmers for fencing of fields
- B2B; Here, we target automobiles and infrastructure

Okay that makes the structure clear. Lastly, is there any capital crunch we're experiencing?

No, there is nothing of that sort. We have sufficient capital.

Okay. So, there are a variety of methods that can be used but I will focus on the revenue stream, B2B and B2C.

Sounds good. Go ahead!

Before I move further, what is the % divide between these 2 segments?

Good question - 65% B2C and 35% B2B.

Okay, since B2c is the larger customer segment we cater to, is it fine if I start with that?

Sure.

So here i will be looking at 2 factors

- Price paid by the customers
- Number of customers

Could you tell me a little about the pricing structures.

Sure. The price fluctuated due to changes in steel prices. But, we are the market leaders. Though, the local companies are also giving some discounts. At the same time, our product is the most durable and lasts for ~10 years as compared to 5-7 years for our competitors.

Okay. Since we are the market leaders and our product is more durable, it is justified to charge a higher price. At the same time,

- We can explore the possibility of increasing our price further keeping in mind that it doesn't affect our market share.
- We can explore discount offers and schemes to attract more customers subject to the fact that it doesn't affect our market share.

That makes sense. What in your opinion are the factors which would influence the number of farmers that are buying from us?

I think the distribution will have a large role to play here .So in a retail store ,the key metrics and numbers that would matter would be

- Visibility of our product
- RIght Salesperson
- Monetary incentives for third party retail stores
- After sales services
- Affordability

Okay I should add here that we have an exclusive distributes which sells our products and a few other retail stores which sell on our behalf.

Okay, so maybe the monetary incentives we are giving to these third party retailers are affecting the number of customers.

Yes, that is correct. We don't have to explore that. You can move ahead.

Okay so now moving to the B2B SEGMENT, we have 2 major components as you said

- Infrastructure
- Automobile

First, can I just ask what kind of companies we cater to?

The company caters to major companies but only in the two wheeler segment.

Okay so starting with the automobile companies. Factors that should be taken into consideration for each:

- Price charged
- Type of after sales services and their price
- Guarantee given
- Branding
- Method of approaching the company (filing tenders)

Okay sounds good.What about infrastructure?

I would segment this into :

- Construction businesses
- Bridges

Okay that sounds good. Now can you summarise & give your final recommendations.

Sure!
So keeping in mind the given 2 segments for this question I'll summarise the key strategies for each

In B2B:

- We can move to catering four- wheelers since we're already well established in the two-wheeler segment
- We can expand into the construction business further
- Explore newer geographies
- Move into newer customer categories- catering to newer businesses etc.
- Use existing management to foster relations with new clients using our existing brand value

In B2C:

- Bundling
- Discounts

A combination of these strategies would be the right steps towards alleviating our current stagnation and aiding our future growth.

This sounds like a good plan. Thank you so much. That would be all.

Pricing- *Paint*

Company X has created a new type of paint. Research claims that it can last upto 10 years. How should X price the paint)

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

Sure, go ahead!

Since you mentioned that paint X can last upto 10 years, I am interested in knowing the lasting duration of an average brand of paint in the present market.

Presently, a general company's paint lasts for about 3 years.

Right. Also I would like to know what the price of the paint of this average brand is and the quantity in which it is sold.

It is sold in 100L buckets and priced at Rs 50,000 a bucket.

Okay. So, there are a variety of methods that can be used to determine the price of the product such as Cost Of Production approach , Competitor Pricing approach. However, in this case , since we have certain visible differences with our competitors - I would like to follow the Competitor Pricing Approach.

Sounds good. Go ahead !

Since the paint of an average brand lasts only for 3 years, we can look at the external costs that a consumer buying such a paint has to incur over a period of 10 years - which is for how long our paint lasts.
Our price should reflect that opportunity cost too. For example a person buying a 3 year paint - has to repaint the surface every three years and incurs labour costs.

That's right. You can take the total labour cost as 30% of the cost of the paint.

Then we can calculate the opportunity cost over a period of 10 year as:
(50,0003)10 (cost of paint for 10 years) + 0.3 (50,000) (total labour cost)
Which is approximately Rs. 1,80,000.

Okay so now assume that what you have calculated is the price of our paint. But see no one is going to buy such an expensive paint, since people won't just believe in our 10 year claim. So how do you suggest we market our product?

There are several ways of marketing our product.
One method is to assure our consumers that we shall conduct regular checks. And if any part of the paint wears off we would repaint the entire portion free of cost.
Another method could be an EMI payment scheme.

Let's talk more about the EMI method.

Sure, so in the initial years of the product launch, we can have the company supply the paint to the consumer. But the consumer can make the payment in equal installments over 10 years. They pay 1/10th of the total price every year for 10 years. Any year they feel that the product is not delivering on its promise they can cancel the contract. This would help us build a reputation of a reliable and trustworthy product.

This sounds like a good plan. Thank you so much. That would be all.

Market Entry- *Dairy*

Your client is a fast food manufacturer in the United States and they are looking at entering the dairy business. They want you to strategise and identify which should be the best markets for them to enter.

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

Sure, go ahead!

I am interested in knowing what exactly is meant by 'markets'? Do they want us to identify which geographies to enter, or which product and customer segments to target?

The client wants you to strategise all of these things.

Okay. What is the objective of this client behind this market entry?

The client initially is looking at penetrating the market and getting a significant market share. Beyond that, they are going to target and look specifically at how they can maximise their profits.

In that case, I would like to approach it in the following way:
First, I'll check what should be the best product segments for clients to venture into and then check which geographies (cities) they should begin with. After that, we look at how the implementation will be done.

Sounds good, but don't you think that the geography might also impact the product selection?

Yes you are right. In that case I would like to first determine which cities we should enter and then decide product segments accordingly.

Great. Here is some data for 30 cities for you in that regard. Have a look and suggest the top 3 cities.

On the basis of the given data, the top 3 cities are cities X, Y and Z.

Now consider that City X is selected as the best place to enter by the client. Move forward from here.

Sure. The next step is to create a product grouping. This can be done by looking at the supply side or demand side. Supply side includes existing client capabilities, barriers to entry, etc and demand side includes properties of the geography, demographics, etc.

Here are the names of different products under 3 different product types. Now, focus on the demand side method as the company gives great importance to customers.

Based on this information, these are the 5 possible product groupings we can consider with the following reasons for each group.

Groupings 1 and 4 are selected by the client. Help them choose 1 of these groupings. Here's some data on two markets that can help you with that. The first market has low profit margins and low growth but is easy to gain huge market share in because it is fragmented. The second one has high profit margins and high growth but two big players who control the market.

They should enter the consolidated market. They can undercut competitors and grow market share, especially since the client doesn't care about profits in initial years.

Thank you so much. That would be all.

Market Entry- *Calcium Tablets*

IFSA

The client is a pharmaceutical company which sells a product called Shelcal, which are calcium supplements. The current sales are 400 crores and the company currently serves 5 lakh women. Find the potential sales that can be achieved by the company over the next 5 years and strategies to do the same.

Thank you for the question. I would like to ask a couple of questions before I answer. Where is the company based?

The company is based in India.

Okay. What is the business model of the client? Are we manufacturers only or do we handle sales and marketing as well?

We handle the manufacturing as well as sales & marketing.

Okay. What exactly is the product? Is it a prescription pill or an over-the-counter (OTC) pill? Since it's a tablet, are there any side effects associated with it?

The product is a 50 mg pill that's taken once a day for 3 months to cure calcium deficiencies. It's a prescription pill. There are no major side effects associated with it but overdosing can be harmful.

Great. How much does the product cost?

The pills are sold in packets of 15 tablets each. Each packet costs Rs. 100.

What is our target customer base?

We are mainly targeting middle-aged women belonging to the 30- 50 years age group.

Okay. So let us consider that the population of India is 100 Million out of which 50% are females, that is, our target customer base. Coming to these I believe we should apply three important filters: Age, Income and Deficiency rate.

Okay, go ahead.

Now we divide the 500 M women into different age groups: 0-18 years of age (constituting 30% of the female population), 18-30 years of age (constituting 20% of the female population), 30-50 years of age (constituting 30% of the female population) and 50+ years of age (constituting 20% of the population. This gives us 150,100,150 and 100 Million women respectively in each age group. Our target customer base is the 150M women belonging to the 30-50 age group.

Yes, right.

Now, we further divide this 150 Million customer base into the following income levels: Below Poverty Line (20%), low income group (30%), middle income group (40%) , and the rich(10%). Now, we take the assumption that we will have 0% market penetration in the BPL and low income categories.

What is the basis of your assumption?

Typically, due to factors like Price sensitivity, lack of awareness about testing, lack of accessibility to healthcare, illiteracy, apprehension towards western medicine and preference towards home remedies, we assume that this portion of the market would not be accessible to us.

Fair enough.

Now we have 75M belonging to the middle and the rich income categories. This is our potential market.

And how do we achieve that?

First, to answer this, we must also consider that only a proportion of them would be calcium deficient.

Right, so consider 40% of them are calcium deficient. How do we proceed?

Doing the math behind this we get our potential market size as 300 Lakh women.Our current market penetration is just 5/300= 1.67%. This shows we have immense potential to grow.
Great. Now that you have established the growth potential, can you suggest strategies for the same?
So, the first step can be looking into more accessible pricing options to capture the market segment that we are missing right now due to income disparity. But we will have to do a cost-benefit analysis as it might cause a dent on our revenues. Second. We can tie up with schools, colleges, corporates where women in the 30-50 age group work and provide them the pills, increasing both sales and brand awareness.
Okay, how do you think we can make the product more accessible to people?
Making the pill an OTC instead of a prescription pill as it will increase the accessibility of procuring it for the end consumer.
Well, that would need a lot of work. How do you think can we increase brand awareness?
We must undertake rigorous marketing campaigns that not only raise awareness about Calcium deficiencies in women but also put light on the fact that our pill has no side effects. This can be achieved by tying up with testing labs and setting up small kiosks in the facilities.
Okay great. Let us end the case here.
Okay. Thank you so much!
You’re Welcome.

Misce- *Telecom Towers*

Let us start by talking about company X. Let's say it has a gross profit margin of 50% and a net profit of (-30%) along with a tax rate of 20%. Can you calculate the Profit After Tax (PAT).

Ma'am, the profit after tax would be 0 since the Net profit is negative. The company did not generate any profits hence there would be no taxes to pay.

That's right. Can you tell me some non operating expenses that a company has to incur?

Yes ma'am. Examples of non operating expenses would be Depreciation & Amortization Costs (D&A) , Financial Expenses, Employee Benefits etc.

Right, so let's say a company has 40% D&A Cost and 40% Financing Cost. What does this tell you about the industry?

A large D&A cost tells us that the industry is asset heavy. Further, the larger financing costs indicate high levels of debt in the industry.

Can you think of any such industry?

Telecom Industry

That is right. So let us talk about company X that is in the business of making Telecom Towers. The company uses hexagonal communication technology. The land area is divided into different hexagonal cells and the signal bounces from one tower to another. These towers are then leased to other players in the market. Can you determine the per day revenue of these towers.

We would need to take factors like number of towers , occupancy rate and the people using it into account.

That's right - so let's think of this tower chain like a hotel chain. Can you determine the per day revenue for a hotel chain

A top down approach would give us :

- (Number of hotels)*(Average Number of Rooms per hotel)*(% Occupancy rate for a typical hotel)*(Average number of people staying in a room)*(Average per day price of a room)

Could you explain the second last factor?

The factor encapsulates that hotels charge more if more people stay in the same room.

Now, change these terms to arrive at a per day revenue term for the tower company.

So we change the above factors accordingly.

- Number of hotels becomes >> Number of towers that the company controls
- Occupancy Rate of rooms >> Occupancy rate for the towers
- Per day price >> average price of using the tower per call

That looks good. So let's go back to numbers. What can you infer about the company by looking at its EBITDA - say EBITDA is 40% , is the company performing good, bad or average?

We can't comment on the performance of the company till we know which sector/industry the company belongs to. A 40% EBITDA could be considered good in a particular sector and bad in another. The absolute value tells us nothing. In order to determine the performance we need more relative indicators.

That's right. Thank you. That would be all.

Misce- *Covid Preparation*

NITI Aayog has consulted X Co. on how to prepare well if a scenario like COVID arises 5-10 years down the line.

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

Sure, go ahead!

Are we only considering contingency measures for a pandemic or should we also take into account the possible contingency measures for a disaster or a war?

All encompassing.

Is there a specific area we are analyzing or should I consider health care, public systems etc.?

Yes. You are offering your recommendations to the Ministry of Logistics only.

What duties exactly come under the ambit of the Ministry of Logistics?

It's basically handling the movements and logistics of goods and services like food, medicines, paramedics from point A to point B.

Okay. My overall strategy involves three steps:

- Diagnosis of the areas where the current policies for mitigating corona's effect lagged
- How to make them better and possible new areas that may need attention
- Risks and repercussions associated with our mitigation strategies

Okay. Can you please perform a diagnostic analysis and elaborate a bit on the areas which may need attention?

During my diagnostic analysis, I found the following problems:

- Poor information dissemination
- Following a preventive rather than curative strategy (i.e. entire country going in a very stringent lockdown with only 400-500 cases)
- Poor analysis of the population (better analysis could have prevented the large-scale migrant exodus)
- Supply bottlenecks in the industrial sector
- Constraints on the pharma and FMCG products
- Lack of regulation in the informal sector

Can you please discuss these points in detail?

Discusses all the points and diagnosis in detail

Thank you so much. That would be all.

Note: This case was given to the candidate after their HR discussion with the interviewer where he got to know that they had interned at NITI Aayog, so he curated a case from their CV.

Misce- *Auto Manufacturer*

Our client is an auto manufacturer which wants to grow and double their business. They are seeking your advice on how to go about it.
First, I would like to understand our client and their objectives better. Does doubling the business refer to increasing the revenue or the profits?
It refers to revenue here.
Oh okay. Which geography are we looking at?
Our client is a global manufacturer but here we are specifically talking about their Indian business.
Okay. So, we can increase revenue through a price increment or a volume expansion.
(Interjects) Well, looking at price involves complexities such as elasticities. We can skip that.
Okay, then we can focus on volume expansion, keeping prices constant. Volume expansion can be through organic or inorganic means. Which one should I consider?
Let's go through organic growth only.
Volume expansion through organic growth would imply an increase in production, distribution and customer pull. I would like to look at each individually.
Sounds good.
Do we have the capacity to double our production?
Yes. We have a new plant coming up, so that will not be a problem.

What are our sources of distribution?
We distribute through our own stores and multi-brand dealer stores.
Do we have the capacity to expand our distribution?
We have 100 multi-brand stores and 100 stores for our products alone. In the next 5 years, the multi-brand dealer stores are expected to grow at 10% pa .What should be the growth of our own stores to get to 2x growth in distribution?
[Solves and answers]
Yes, that's right.
Next, I would like to know whether we can increase customer pull.
Why don't you tell me what determines customer demand?
There can be macro and micro level determinants : • Macro- economic growth, facilities for credit, demographics, etc. • Micro- pricing vis-à-vis competitors' pricing, R&D, additional features of product
Great. So could you summarise ?
Sure. Our client is an auto manufacturer operating globally and we need to suggest potential strategies to increase revenue earned in India. So, I focused on volume expansion through organic strategies and the suggestions I put forward was to expand distribution, increase customer pull and increase production.
Sounds good. We can close the case here.

Misce- *Infra Company*

A private equity client is exploring an investment opportunity in an infrastructure firm. Evaluate the risks associated with the cash flow projections.

Okay, before I start thinking of a possible way to enumerate the risks, I'd like to clarify a few things if that's fine?

Sure! Go ahead.

What are these infrastructure projects? And what is the time frame for which we need to analyze the cash flows?

You are specifically looking at one project being undertaken by the infrastructure firm which is the Mumbai-Hyderabad expressway. Also, the typical time frame for a PE investment is around 4-5 years. After that, our client will exit from this investment.

Okay, thanks! So, the approach that I was thinking of is that we can delve into the profitability of the expressway venture and see the sources of revenue and costs involved which will correspond to the cash inflows and outflows. Is it a fair approach to go ahead?

Sounds fair to me. Let's drill down the revenue and cost heads.

The major revenue sources associated with expressways according to me are toll tax: both commercial vehicles and private vehicles as there will be rate differential, interstate duties (though these might be simplified given the GST regime), food mall or restaurant rents in case the sideroads utilized by these places are on lease, advertisement revenue from billboards on highways. Costs would include construction, road maintenance, running the toll collection systems, electricity expense on lights and billboards and additional service expenses (like telephone booths or emergency ambulances). Am I missing out on any other major head?

Well that pretty much covers all the heads. In fact, most of the cost comes from construction which can be treated as a sunk cost in this case and the others are constant costs with very less variability. So let's look at the revenue side, what do you think would be the biggest chunk?

It's a heavy traffic route between two major commercial cities and so the toll collections should be significant.

Well absolutely! It is the biggest concern in this project. How will you assess the potential risks associated with it?

For that I would need to understand the current structure of toll collections in terms of toll charged and distribution across commercial and private vehicles in terms of number of vehicles.

Type	Price	Quantity
Private cars	100	40%
Commercial	200	40%
Buses	150	20%

Total number of vehicles on a daily basis = 100,000

Okay! I'd like to calculate the respective revenue contributions of each category to see who can create the maximum impact on overall earnings. Should that be fine?

Absolutely!

The major traffic of commercial vehicles on this route would likely be due to trade given that both the cities are major industrial or commercial centers in the West and South respectively. Hence, any change in volume of trade can impact the traffic. Additionally, any alternate route availability or possibility of alternate modes of transport can impact traffic also. Do any of these causes seem pertinent as of the current circumstances?

Well, trade certainly seems to be the area of interest. Which industries do you think account for greatest trade in general across land routes?

Typically, raw materials (steel etc), automobile industry and agriculture.

Correct, so agriculture and automobiles are the major contributors in this case, each contributing 50% to the total commercial vehicle traffic. And declining trade in both the industries is a cause of concern, what do you think is driving the decline in trade?

Let's look at agriculture first: it's a heavily monsoon dependent industry and Therefore, the most likely reason for the dip in trade would be a bad season. However, this is a seasonal variation that must have been accounted for in the estimation of cash flows.

Yes, so let's focus on just the automobile industry.

So typical factors affecting trade vehicles are competition, demand for goods, alternate routes or modes of transport. Any specific head that I should look at?

Pune-Solapur belt is an automobile hub which has been supplying the major chunk of automobiles to the South but recently Chennai has emerged as a dynamically growing auto hub in the South.

So, it seems like it's become easier for Hyderabad retailers and stockholders to source automobiles from Chennai than Pune belt and hence traffic on Mum-Hyd expressway might be taking a hit. Do we have an idea as to what extent can the demand be fulfilled by the Chennai hub?

50% of the current demand. Also assume that the entire demand currently is being met by transporting vehicles via the expressway.

So, we expect a 50% fall in traffic and hence revenue.

Also, you talked about an alternate route. So, there is a new highway coming up that can help cut down the time of this route travel by 25%. That will reduce the remaining traffic by another 50%. So, can you calculate the expected number of commercial vehicles?

Initially we had 40,000. Due to Chennai hub the traffic dropped to 20,000 and now, due to this alternate route it'll now go down to 10,000. So, we will have only 10000 commercial vehicles which will be charged a toll of 200. This drop should be the major risk to estimated cash flows then. Do you want me to calculate the new estimated revenue?

Not really, I'm sure you can multiply 10000 and 200. So, you have pretty much proceeded in a way that we did for this case when we were working with this client. But anyway, thank you so much.

Thank you.

Misce- *Light Technology*

Your client is the world's largest lighting company which produces tube lights, bulbs etc. They have been approached by a physicist who created a new technology that increases the length of the lighting devices to 50 years. He owns the patent of the technology. The owner wants to know if they should buy this technology?

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

Sure, go ahead!

Before analysing the proposition, I want to understand what the primary objective of the company is.

The Company wants to maximise its profits in the long run. Simply, the objective is to make money.

Right. I would also like to know the location of the company and its markets.

The Company is based in Europe, but operates worldwide and serves markets globally.

What is the current business model of the company?

The company operates a manufacturing arm and a retail arm. It produces the bulbs and sells them to ultimate users.

What is the pricing strategy of the company?

That is up to you. You can decide on an appropriate pricing strategy per your analysis.

OK Sir. Having got a clearer picture of the company and its environment, I would adopt the following approach in evaluating the proposal.

- First, I would do a Cost-Benefit Analysis to determine the worth of the product.
- Then I would negotiate a contract with the physicist to buy the rights to his IP.
- Lastly, I would also analyse the risks of marketing the new light bulb to identify potential pitfalls and losses and mitigate them.

Okay. That sounds good. Go ahead.

So, on the costs side, we would have to factor in the costs associated with buying the patent, developing manufacturing capabilities for the new technology, costs incurred in marketing, i.e in developing awareness and demand for the new illumination solution.
There can be potentially very large returns. We would help customers save a large amount of money, and as such, could earn a very high return on our investment.
Potential risks associated with this new product include decrease in demand over time as our lights are too long-lasting.

You mentioned pricing strategy in your analysis. How would you look at pricing the product?

There are 3 main pricing strategies: cost-based, customer value based and competitor based.

- Here, we don’t have analogous competitors to price around, as our product is novel. Also, cost-plus pricing would look at generating a particular rate of return which may be too low considering the high value we are creating. Hence, these strategies would be unsuitable for our product.

- By purchasing a light bulb that lasts for 50 years, the customer would be freed of several costs they would otherwise have to bear. These include replacement costs, time costs, labour costs and so on. We can thus adopt a customer value pricing strategy, looking at the benefit that an individual would get from purchasing these lights over conventional ones.
- This would also give us a pricing strategy which we can use to forecast revenue over the relevant period, factoring in market size and projected penetration.Also, since these lights would now last for 50 years, we could potentially look at institutional customers, like the government as clients.

That is interesting. The Government usually purchases through tenders, which are decided by competitive auctions. How would you price in order to be the lowest bidder? Assume that the Government would evaluate each bid on its merits and not merely choose the lowest price value.

Although any individual light may be more expensive than competitors', the cost of lighting in the long term would be significantly lower with our product. We have a competitive advantage as our products' replacement costs are practically nil compared to competitors'.

For institutional customers like governments, replacement costs are significant and often of the scale of up-front costs themselves. Moreover, replacement every five years also poses costs in the form of inventory, labour and capital costs. Even the government bidding process, which in itself is a costly, time-taking affair, has to be repeated. All these costs are gone when the government buys our product.

Entering into a 50 year contract with us would also allow governments to hedge against exchange rate risks. Putting all these costs in, we can show that our prices would indeed be the best deal for them.

What would the revenue projection of the company look like? Please draw the graph.

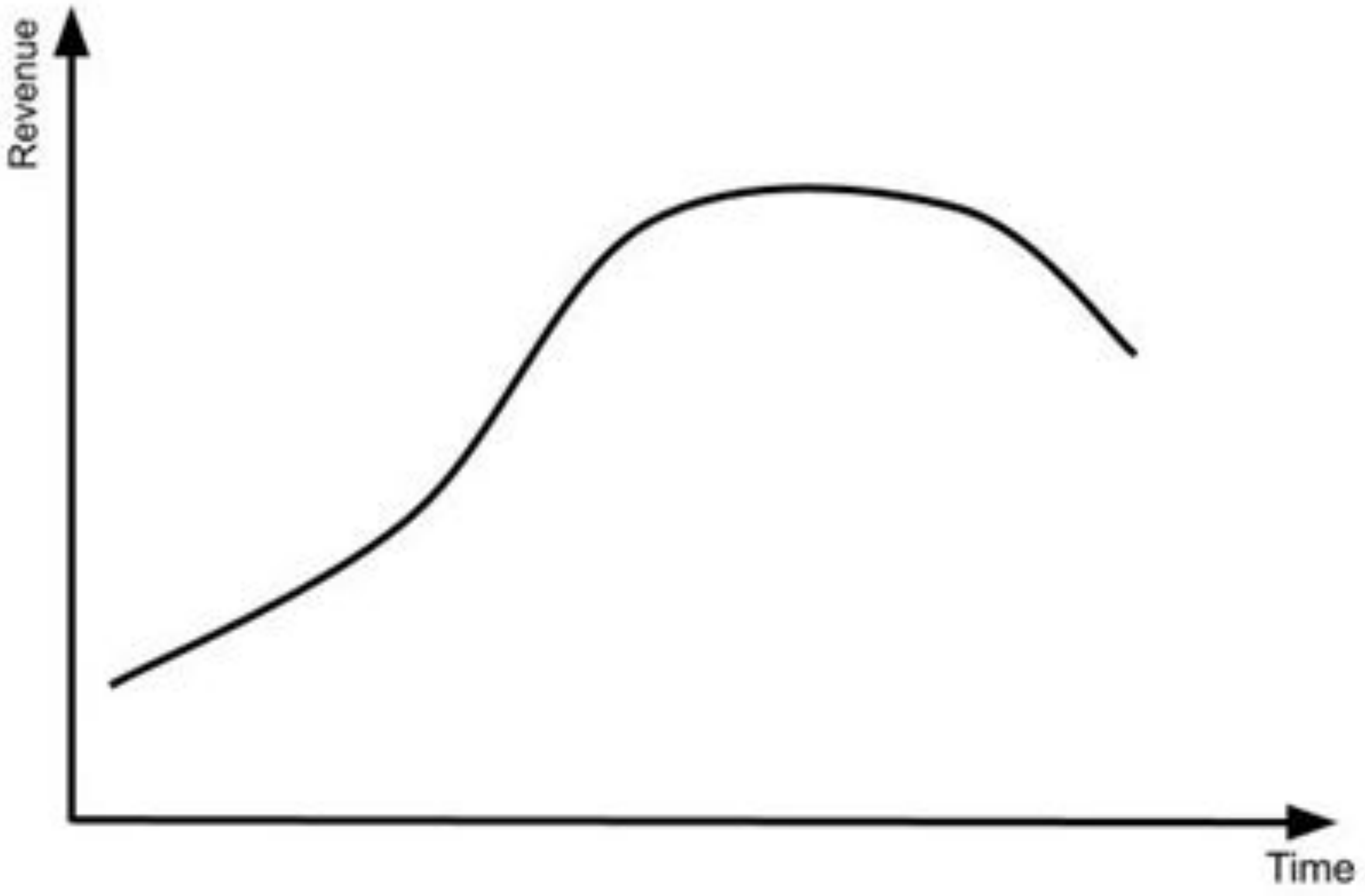
The revenue of the company would probably be S-Shaped over time. As awareness rises, and people realise that our products are superior, demand would accelerate giving us the first half of the S.
Then, at some stage, we would reach an inflection point where revenue would still be growing but slowing down. This would be an indication that the market is starting to get saturated.
Later on, when the market is saturated, we would witness a fall in demand. This decline is the result of both our products' long life and the entry of competitors.
After the patent expires, we would have to face competition and lower our prices.
This would also be a cause of declining revenues in later years.

Okay. Last question. Take 10 seconds, and tell me, yes or no, whether we should invest in this technology or not?

(Takes 10 seconds)
Yes sir, we should invest in this technology.
The main reasons for this would be that:

- Firstly, the product itself is superior to anything currently on the market and our analysis shows that it is a lucrative investment opportunity.
- Secondly, if it passes up on this technology, it risks losing out on a potentially very profitable product, and opening the door for competitors to move in.
- Lastly, the company is the market leader in the lighting industry and as such can drive the industry forward. We will have the incumbent's advantage which we can use to multiply the reach of this new, better product.

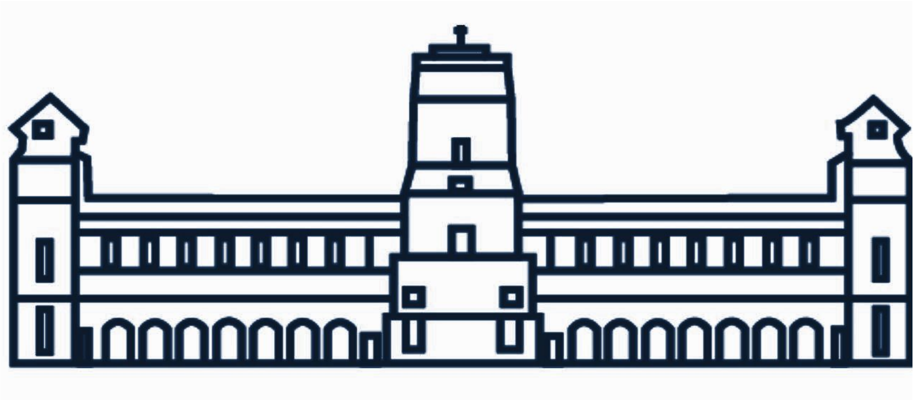
That sounds good. Thank you so much for your time. That will be all.


Revenue
Time

PART C:

Previous Year Case Transcripts - Question Bank

REAL CASES SOLVED BY UNDERGRADS IN PAST INTERVIEWS



Questions

Question 1 (Guesstimate)

A Swedish Tyre company, PQR Tyres wants to enter the Indian Tyre Market. Estimate the size of the Tyre Market in India targeted by PQR, and guesstimate the market share of the company in the next 5 Years.

Question 2 (Growth)

A Vacations Homes/Rooms Rental Firm, based in Europe, which has a similar business model as AirBnB, has experienced a decline in its customer footfall (volume). Suggest growth strategies for the same.

Question 3 (Growth)

PQR is an Energy Firm operating in North America, it has experienced a slow growth in its Revenues and Profits. Give Recommendations to increase the companies topline (sales) and bottomline (profits) financial numbers.

Question 4 (Guesstimate)

PQR is a manufacturer of reactors which are used in the production of bioplastics. Estimate the Bioplastics Market in India, and discuss the potential revenue for PQR.

Question 5 (Strategy)

A Small Sports Retailer wants to evaluate a proposal to move to Digital Retail (E-Commerce). Devise a strategy for the successful transition of the firm from a Brick and Mortar Store Retailer to a e-commerce player. Additionally, discuss the feasibility of the plan.

Questions

Question 6 (Guesstimate)

Starbucks wants to enter the Indian Coffee Market. What is the estimated market size, also forecast the market size it will be able to capture in 5 Yrs.

Question 7 (Pricing Strategy)

Devise a pricing strategy for a paint company which manufactures a newly developed paint that can last upto 10 years. The average lifetime of regular paint available in the market currently is 3 years.

Question 8 (Guesstimate)

Determine the per day revenue for Telecom Towers, using hexagonal communication technology.

Question 9 (Guesstimate)

Estimate the Sales from opening a new grocery store in Delhi.

Question 10 (Discussion Based)

Airline X is experiencing a decline in its profits. The CEO is asking you to find the reason and recommend ways to fix it.

Question 11 (Growth)

An Auto Manufacturer that wants to grow and double its business in size in the next 5 Yrs, is seeking your advice on how to go about it.

Question 12 (Guesstimate)

Estimate the viewership of any women's football league in the world.

Questions

Question 13 (Market Entry)

An insurance company, based in the USA, is evaluating its plans to enter the Indian Insurance market. Discuss the products it should offer.

Question 14 (Discussion Based)

Choose to be any major real estate agent in the current economy, with real estate in a slump, and come up with ways to increase sales.

Question 15 (Guesstimate)

Guesstimate the market size of second hand cell phones in India.

Question 16 (Guesstimate)

Come up with a tagline for Aditya Birla Industries.

Question 17 (Growth)

Suggest strategies for increasing Sales growth for a major brand in the Indian Fashion Industry.

Question 18 (Guesstimate)

Guesstimate a valuation of a high impact startup you've recently come across.

Question 19 (Profitability)

Identify the Reasons behind the decline in profits of an international airline company caused due to decline in footfall on a route in Spain.

Question 20 (Growth)

You have 5 acres of land in Hyderabad and you can build an infrastructure project on the land. What would you build to maximise revenue?

Questions

Question 21 (Guesstimate)

Estimate the number of high-end salons (stores) in Mumbai.

Question 22 (Market Entry)

Your client is a fast food chain is looking to enter the dairy business. The company is based in the United States. They want you to strategise and identify which category and geography will be the best markets for them to enter.

Question 23 (Guesstimate)

A start-up, by students of St. Stephen's College, has created a product for purification of water using a pot with silver solution. They have reached out to potters in Delhi for the same as of now, and they wish to expand to potters all across India. Estimate their target market.

Question 24 (Guesstimate)

US based bank wants to decide whether the bank should enter the Indian Banking Market or not.

Question 25 (Guesstimate)

Estimate the annual fish consumption in India

Question 26 (Growth)

A ethnic clothing brand named ‘Global Desi’ is not getting anymore growth in India. Discuss the reasons and strategy the firm should implement

Question 27 (Guesstimate)

Estimate the value of women owned businesses in India and then estimate their value based on the employment generation.

Questions

Question 28 (Guesstimate)

Estimate the size of the grocery market in Delhi.

Question 29 (Profitability)

Your client is a manufacturer of Steel Rods in India. It has seen a decline in profits recently. You have been called to find out why.

Question 30 (Discussion Based)

A local newspaper is facing declining sales and wants to look at avenues to shift to digital. Suggest some avenues.

Question 31 (Market Entry)

A US Based Pharma Company wants to enter the Indian market. What should be their consideration?

Question 32 (Compound Case)

This is a multipart analysis question of the scheme of the Delhi Govt. to make metro rides free for the women and children.

Part 1:

Guesstimate about the number of daily travellers in the Delhi Metro. Calculate the revenue lost due to the implementation of this scheme

Part 2:

Suggest ways to recover this loss of revenue (including, but not limited to raising prices for remaining riders, reducing non-work hours metro runs to reduce costs etc.); Analyse this proposal as a whole.

Suggested Solutions

Suggested Solution 1:

- Seek clarification on Product Assortment of the Company, and one by one identify each Target Market and value each individual market using a top down approach by looking at the total population, number of people owning vehicles with 4 tyres/2 tyres depending on the product assortment and using the average price of each category of tyre to estimate the market size of that category.
- Add up the market size for the categories to come up with one single value for the total market targeted by PQR.
- In order to estimate the market share of the company in each category: use any information provided on the quality and pricing standards of existing players. Based on this information, come up with percentage market shares for each category.
- Additionally, multiply these percentage numbers with the estimated market share of each category and then add up the number. The total will be the estimated size of the company’s market in the next 5 years.

Suggested Solution 2:

- The interviewee tried to ascertain the reason for the fall in Consumer Footfall. After ascertaining that the problem was in customer experience, the student followed Customer Journey Approach (4 steps - Introduction, Consideration, Acceptance, Field).
- For the vacation rental case, as the interviewee asked clarification questions he realised that the drop in footfall was only being experienced by the firm and the competitors were doing fine. He/She was asked to recommend how to increase the footfall by the interviewer. The rating of the service had not fallen and had remained 4.5 as before.
- As the interviewee enquired more, he/she reached to the conclusion that the problem is in the consideration aspect- which could be only through two ways - web login or app login.
- On deep questioning it was discovered that the problem was in the "sign up" procedure. The interface required people to sign up using their social media accounts and give more information which consumers weren't comfortable with. Hence the firm was not getting new users. Thus, the recommendation was to have a sign up option using email or phone to make the process simpler, and give a direct booking option using the OTP Services available on phone or e-mail
- **Key Takeaways:** While investigating a D2C industry case, following the customer journey helps figure out the problem.

Suggested Solutions

Suggested Solution 3:

- Ask questions to know what exactly is the business model of the firm. Is the firm into both Energy Production and Distribution, or any one of the two. Also try to know more about the customer touch points. The ideal answer must cover 3 important factors: a. Increasing Revenue, b. Increasing Profit by Reducing Operating Expenses and c. Breaking down the case across Value Chain.
- Primary goal must be to establish: a) Supply Chain (Upstream), b) Energy Production (Main Process) and c) Energy Distribution (Downstream)
- The firm should focus on Technology integration across value chain for better Demand Forecasting and to optimize operations.This will help reduce operating expenses, thus, increase bottom line. Then technology integration with energy distribution will help in better and timely realization of revenue thus impacting both topline and reducing Account Receivables and Cash Conversion Cycle. With more cash at disposal, the firm could focus on expansion.
- The interviewee concluded by considering the internal cash generated by the firm as a better source of funds compared to Debt or Equity in case the firm is looking for expansion. Vertical expansion towards both upstream so that the firm has control over supply chain and downstream so that the firm is directly involved in interaction with customers .Concept of a potential Strategic Merger or an Acquisition as well as Technology Integration (Digital Strategy) both helped to solve client problems.

Suggested Solution 4:

- Estimate the total size of the plastic market, extrapolate the size of the bioplastics market by multiplying the total size of the plastics market with say “x%” which would be the share of bioplastics in the overall plastics market. Then estimate the number of reactors needed annually by firms, using the manufacturing efficiency of each reactor and the total annual bioplastics production in the country.
- Use revenue v/s cost framework to estimate revenue generated from reactors. Focus towards three main questions: How big is the bioplastics market? How much revenue can our client expect? How can the client further increase their revenue.
- Briefly recap the problem/question. Give an action oriented recommendation. Support this recommendation with 2-4 points based on findings during the case. Give 1-2 suggestions of where else you would look at if you would have time in order to further strengthen the conclusion.

Suggested Solutions

Suggested Solution 5:

- Evaluate the competitors, product offerings, and current customer trends.
- First evaluate: Is it a good idea to open an e-commerce shop given the answers you get when you dig deeper on key areas in point 1. If yes, figure out which segments are best to move online first (based on market sizing of each segment, average profitability metrics and competitor analysis.
- **Key Takeaways:** Keep in mind that you should never assume that you are expected to make a framework to tackle a case at the beginning. The interviewer interrupted the student and said that he never asked him to come up with an approach/framework.

Suggested Solution 6:

- Since the case is open ended, start with the basic question - What is the addressable market? How much is available to Starbucks? Who are the Competitors? What capabilities should the client ideally have to enter into Indian market?. Open ended cases are generally more complicated because one has to look for all reasons outside rather than having an inside out approach.
- While solving a guesstimate be it for a case or as a standalone question, always give two approaches to solve it. Also knowing some math tricks can help you. For example knowing rule of 22 or from a business acumen, knowing some industry examples will really help. Additionally, knowing how companies are currently innovating during times of COVID might help you give better solutions to your client.
- Give some real life examples, like if you get a question of streaming app, and you want to understand what makes people prefer amazon over netflix or vice, versa you can use your own personal life observations like - most of the people i know use amazon simply because its cheaper than netflix and cost is one factor which really defines consumer behaviour in India. This will signify how practical and observant you are.
- **One thing to note here** is that it is a very small sample set, so you need to use your own business acumen and support it with something like "I also read this in a report as well", this will highlight your curiosity as well that you observed this thing and you read a little about it, when it is a qualitative case.

Suggested Solutions

Suggested Solution 7:

- For the **pricing problem**, follow the **Competitor Pricing Approach**. Since the paint of an average brand lasts only for 3 years, one can look at the external costs that a consumer buying such a paint has to incur over a period of 10 years - which is for how long the company's paint lasts.The price should reflect that opportunity cost too. For example a person buying a 3 year paint - has to repaint the surface every three years and incur labour costs.
- Under **marketing**, the interviewee also suggested a few methods. One method is to assure the consumers that the company shall conduct regular checks and if any part of the paint wears off the company would repaint the entire portion free of cost.
- Another method is EMI payment scheme - so in the initial years of the product launch,the company can supply the paint to the consumer, but the consumer can make the payment in equal installments over 10 years. They pay 1/10th of the total price every year for 10 years. Any year they feel that the product is not delivering on its promise they can cancel the contract. This would help the company build a reputation of a reliable and trustworthy product.

Suggested Solution 8:

- For the telecom towers- the interviewer nudged the student to think of the towers as a hotel chain where the revenue would be based on following factors: (Number of hotels)*(Average Number of Rooms per hotel)*(% Occupancy rate for a typical hotel)*(Average number of people staying in a room)*(Average per day price of a room)
- Using same logic: Number of hotels becomes >> Number of towers that the company controls; Occupancy Rate of rooms >> Occupancy rate for the towers; Per day price >> average price of using the tower per call
- The answer should be the average revenue by asking relevant questions on working of a tower business and drawing parallels to a hotel chain.

Suggested Solutions

Suggested Solution 9:

- Begin by asking questions to clarify the product offerings of the store, who are the other players operating in the space at present? The interviewer clarified that the store was something like Godrej Nature Basket. Since the interviewer mentioned 4 other competitors, the interviewee took 20% as our market share.
- The interviewee assumed that the Delhi state has a radius of 20 km. Since the company needs to have a store in every 5 km radius, we get 16 stores. So we are looking at operating around 16 stores in the region. We look at the number of households (20% of total - market size) and the average spend per household and find revenue; Conclude with the revenue number.

Suggested Solution 10:

- Begin by asking: In which country is the airline situated? Is the decline in profits seen across the industry, or is this decline specific to our firm? Since when has the company being seeing this decline in profits? The interviewee adopted a basic profitability framework. The problem was a year old and firm specific. The revenues were fine but the costs had gone up.
- The interviewee broke down the costs as follows:
- Capital Costs : Airplanes, Equipment, Miscellaneous
- Operational Costs : Labour Costs, Fuel Costs, Maintenance Costs, Miscellaneous
- On enquiring, the students discovered that the fuel prices had risen over time.
- The interviewer indicated an increase in Fuel Costs. In order to determine the reason behind increasing fuel cost: Fuel Cost = (Number of kms flown* litre of fuel required per km) * price per litre. There was a change in price per litre. We can look at fuel price per litre in terms of value chain : Production > Transportation > Storage > Filling
- Finally the problem was: The country the company bought the oil from is undergoing a war and hence these costs have gone up.
- Recommendations:
- To Diversify : The Airline can import fuel from other countries til the war ends.
- Explore Financial Instruments: The company can explore options like hedging the price of fuel or using options in order to protect the company from such fuel price increases in future

Suggested Solutions

Suggested Solution 11:

- Focus of the case was to double revenues,and for that, the student divided it into price and volume. The interviewee was asked to focus on Volume. So she checked whether it was possible to double production capacity, distribution and customer pull.
- The interviewer asked the interviewee to suggest ways to double the customer pull. The interviewee was given data on price, sales and cost and was asked how many years it would take to double revenue. She was asked what will determine customer demand?
- She divided it into macro and micro factors.
  - Macro- economic growth, facilities for credit, etc
  - Micro - pricing vs competitors, R&D, additional features

Suggested Solution 12:

- Begin with dividing the population into age groups, then split it gender wise. Multiply the average proportion of viewers in each age group by the total gender wise population, and add all the numbers together;
- Do a sanity check by calculating backwards from merchandise sales of the football league.

Suggested Solution 13:

- First, Guesstimate the amount of insurance needed in the country, check with the interviewer if that looks like a good number. Then go on to it solve as a market entry case- by checking for both attractiveness and feasibility.
- Since there is low insurance penetration in the country, it was a good market in terms of growth. Feasibility had to be checked in terms of legal barriers on foreign investment in insurance.
- Conclude by suggesting the type of insurance. The interviewee had suggested Health Insurance due to high growth, low penetration and low competition.

Suggested Solutions

Suggested Solution 14:

- The interviewee chose Lodha Developers in Bombay and basically just brainstormed with the interviewer from there.
- The focus of discussion became recession, and how we can get out of one.

Suggested Solution 15:

- The interviewee considered 3 approaches - a. Demand side, b. Supply side (number of phones available to be resold), and c. Net Supply Side (total number of phone minus the phones that go for recycling and converted into other parts.
- The interviewee took the supply approach (in terms of availability of phones) and then triangulated it using other approaches. You can also look at the market size of Cashify (or any other major player) and then extrapolate it to calculate the size of the unorganized sector.

Suggested Solution 16:

- Based on the definition of "tagline", take a stakeholder approach by identifying the main stakeholders and giving weights to their interest and using words and values based on that.

Suggested Solution 17:

- Based on Time Frame and Growth Rate given - Inquire on whether to implement an organic or an inorganic growth. The interviewee was instructed to achieve the target through organic approach.
- Work your answer along 4 main approaches : A. Increasing revenue per customer/Number of Customers of the Product, B. Expanding to other geographies with same product, C. Entering other segment (like middle, low income), and D. Diversify into a new product class

Suggested Solutions

Suggested Solution 18:

- The student chose Urban Company and did a valuation based on the number of active users, approximating average life time value of the user and setting valuations for the Market Share the company has. The answer was in 15% error to the original one. The guesstimate included, guessing number of providers on boarded by Urban Company, the company's service type and cities of operation.

Suggested Solution 19:

- Probe into alternate modes of transportation and their footfall.
- The interviewer ended with recommendations on how the Barcelona airport is a little far away from the port/city, hence a feeder bus like the one Etihad has would be a great option for the airline to incentivise travel.The interviewer mentioned that, that is exactly what they did.
- **Key Takeaways:** Prior knowledge of Airline Success Cases helps solve cases in interviews too

Suggested Solution 20:

- Considered factors like years to completion, crowd composition, prospective buyers, ability to provide financing through a tie up with either HDFC or any leading NBFC in the country, factoring in amenities, consumer choice. Based on these factors the interviewee arrived at the conclusion that the company should build **3 BHK flats** - categorised into fully furnished and unfurnished.
- The interviewee based his final answer on Costs numbers from Compliance Costs in the area, Internal Roads plan, and per Sq. ft construction cost - based on construction price, and luxury offered, how much free open areas to leave and alternative sources of income (proposing shared office spaces, conference halls); Then finally pricing it, based on competition. This calculation helped to arrive at a plan for maximum revenues
- **Key Takeaways:** It was implicitly assumed by the interviewee that the firm is also looking to maximise profits

Suggested Solutions

Suggested Solution 21:

- The interviewee initially thought of taking a demand-side approach (using the number of people who would use such a store, the number of times they would visit it and the average time taken in the salon). However, this required the estimation of too many unknowns and the time taken in a salon would involve too many variables (age and gender break up, the kind of service being availed, the time of the week they visited the salon). So, she shifted to a supply-side approach, clearly telling the interviewer why. Salons are generally location specific, meaning all the high-end stores would be located in specific areas (say, Malabar Hill, Colaba, Hiranandani, etc within Mumbai).
- She knew there were 5 such chains in Mumbai and after she had confirmed with the interviewer that 60 stores per chain would be a good ballpark figure, she estimated there to be 300 such stores in Mumbai.

Suggested Solution 22:

- To start off, ask a few clarifying questions. What exactly is meant by ‘markets’? Do they want you to identify which geographies to enter, or which product and customer segments to target? and What is the objective of this client behind this market entry.
- First, check what should be the best product segments for the client to venture into? Then check which geographies (cities) the chain should begin with. Finally, the interviewee looked at how the implementation will be done.
- For product selection, look at existing client capabilities, look at properties of the geography and barriers to entry.
- To create a product grouping: look at supply side or Demand Side, focus on demand side method as company gives great importance to customers.
- Consider the two markets as you proceed with the case- one with low profit margins and low growth but easy to gain huge market share because it was fragmented. The other had high profit margins and high growth but two big players who controlled the market.
- The case was data oriented and requires making business judgements about the geography, product grouping, which market to select, at each stage.
- The interviewee suggested that they enter the consolidated market. They can undercut competitors and grow market share, especially since the client doesn’t care about profits in initial years.

Suggested Solutions

Suggested Solution 23:

- Divide the population into rural and urban. Then divided urban into Tier 1, 2 and 3 cities, and estimate the % of people involved in pottery over there. Define your target market, and then identify what proportion of potters is your target market in these cities.

Suggested Solution 24:

- Estimate market size, check if there are regulatory barriers, next look at who the competitors are and what their market share is at the moment. Finally, look at the client's existing capabilities, the USP of its product offerings and the existing customer base in US to draw parallels to target consumers in India.

Suggested Solution 25:

- Since the fish market in India is a decentralised informal market – the interviewee took the demand side approach instead of a supply side approach The student took only medium size fish such that one fish can be made into one meal that can serve 4 people. Next, they divided entire country into 4 equal parts (North, South, East, West).Then, they assumed 50% of population across to be vegetarian. Out of the remaining population they calculated number of meals per family in a week (3 × 7). They then assumed 70% of the meals per week to have fish in the South and East and 40% of meals per week to have fish in North and West. Finally, the combined these numbers and arrived at the final guesstimate.

Suggested Solution 26:

- Always spend enough time on asking clarifying questions such as Is the problem was faced by all the branded stores? A reply could really make the case more concrete. If the reply was- Yes, one thing to note is that the stores of these brands facing such slowed growth were only in malls. Among the many reasons identified through the discussion, one of the reason was that: Due to Pinterest and other designs available online - more women were turning to small stitching shops to get their customized designs and clothes.
- Some Recommendations could be: Trying providing customised products through e commerce, Easy return policy, Provide for sizes to fit Indian women, Boost presence in smaller markets (Tier 3 and 4) and not just malls, and Increased Seasonal discounts

Suggested Solutions

Suggested Solution 27:

- For the first part of the question start with segmenting India into rural and urban areas, as the likelihood of a woman starting a business would be vastly different in these two areas. For each segment, try to know the number of women who are currently working and next, try to understand how many out of these women are likely to start a business. Finally, add up the numbers to get the number of women who own businesses.
- Typically for questions like the second part you will be given lots of data based on size and scale of the companies from which you will have to calculate employment generated using an index.

Suggested Solution 28:

- A typical answering format could be: Delhi being a metropolitan area, we can assume the household size to be 4. Since the total population is ~ X cr, it means that there are roughly X/4 households in Delhi.
- Looking at the income distribution of Delhi, I would say that approximately x1% households belong to the low-income group, x2% to middle income group and x3% to the high income group.
- The high income group is likely to spend a1 % and a2 % for middle and low income groups respectively- the proportion increases inversely with their income. Now, we just need to compute the values of these.

Suggested Solution 29:

- The Interviewee asked some question and had the following approach: First, he checked for revenue decline or cost increase and found out that revenue has decreased for all firms in that region but was the most for the given client.
- Hence, It seemed that this could be a regional issue. In order to delve deep into the problem, he first tried to understand which parts of the supply chain the client operates in - to which the answer was both in production and distribution. It was found that there was a change in customer preference, and further, a new firm had entered the market recently which was selling the product at lower price.

Suggested Solutions

Suggested Solution 30:

- To strengthen your answer when suggesting the avenues include the pros and cons of each

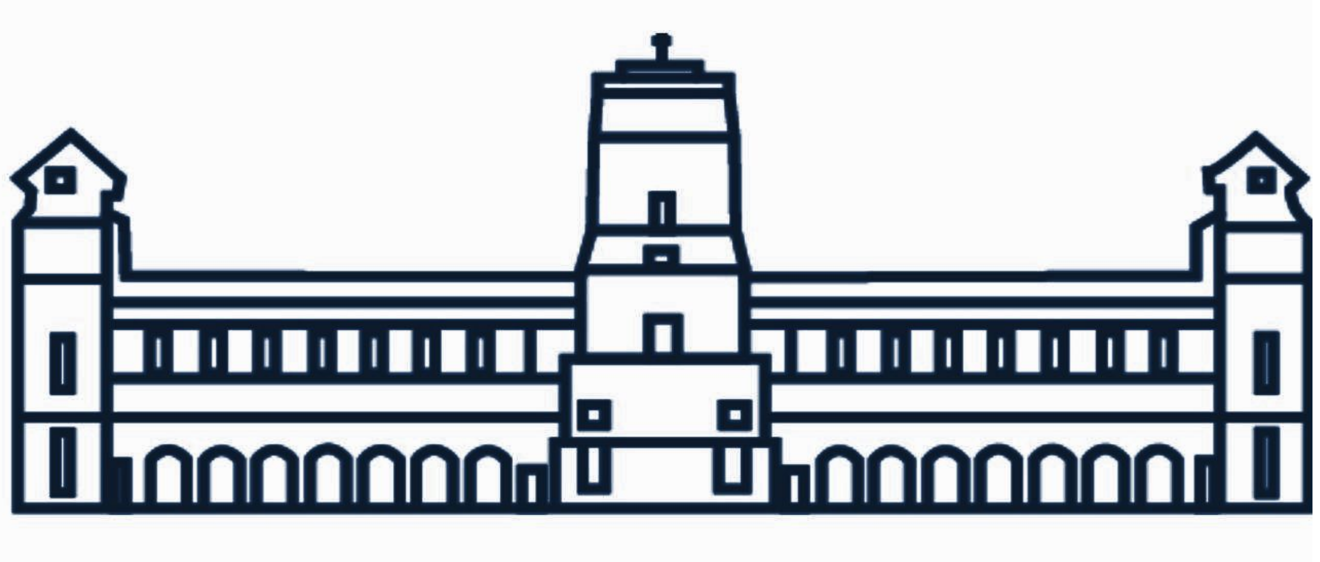
Suggested Solution 31:

- Look at attractiveness and feasibility
- Do a cost benefit analysis for attractiveness
- Check whether it makes sense to enter organically or inorganically for feasibility
- Mention the problems that could occur for each of the stakeholders in the health ecosystem of India, if the market entry happened
- **Key Takeaways:** Referencing your answer to an actual market entry case in the Pharma Sector in India, and using strategies from a real project will make your answer more concrete and will make you sound more well versed with the industry

Suggested Solution 32:

- The Solution for this case was not provided to us by the interviewee. We suggest you read newspaper articles related to the Delhi Metro Decision of the State Government to get more perspective.

ALL THE BEST



Thank You

For Queries, Collaborations and any form of “Consultation"!

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