

# **SPJIMR CASE BOOK**

## **2020-21 EDITION**

**Consulting Club, SPJIMR**

The Consulting Club of SPJIMR is pleased to launch the third edition of the SPJIMR Case Book. This year's edition introduces an extensive range of fresh cases followed by detailed analyses. The book is aimed at enabling an aspiring consultant in the preparation for consulting interviews. The inputs from our alumni and student community over the years have been instrumental in shaping the Case Book.

The frameworks discussed in the book are not binding and ultimate. A candidate should ensure these frameworks are used to organise one's thought process, not limit it. The Case Book does not recommend a singular framework for similar cases for a reason – we believe the focus of the candidate should be on establishing a framework for a case that suits the client's business and situation. Every case has been analysed with this in perspective.

We are sharing this Case Book in the public domain with the hope that it directs aspiring consultants towards their goals. While we have taken extreme care to avoid errors, please reach out to us in case an error has gone unnoticed. We can be reached at [pgdm.consultingclub@spjimr.org](mailto:pgdm.consultingclub@spjimr.org)

Regards,  
Consulting Club, 2019-21  
S.P. Jain Institute of Management and Research

# TABLE OF CONTENTS *(Click to Navigate)*

Sl. No.	Title
<b><u>Preparation for Management Consulting Interviews</u></b>	
1	<u>Resume Building</u>
2	<u>Management Knowledge</u>
3	<u>Case Interview Preparation</u>
<b><u>Approaching a Case Interview</u></b>	
<b><u>Strategy Frameworks</u></b>	
<b><u>Profitability Cases</u></b>	
1	<u>Magazine Publisher</u>
2	<u>E-Commerce Company</u>
3	<u>Indian Insurance Company</u>
4	<u>Srilankan Insurance Company</u>
5	<u>General Insurance Company</u>
6	<u>Steel Sheet Manufacturer</u>
7	<u>Healthcare Equipment Manufacturer</u>
8	<u>Community Bank</u>
9	<u>Ice Cream Brand</u>
10	<u>Pizza Chain</u>
11	<u>FMCG Conglomerate</u>
12	<u>Corporate Jet</u>
13	<u>Cement Manufacturer</u>
14	<u>Furniture Company</u>
15	<u>European Paper Cup Manufacturer</u>

Sl. No.	Title
16	<u>Indian Paper Cup Manufacturer</u>
17	<u>Chocolate Business</u>
18	<u>Truck Manufacturer</u>
<b><u>Market Entry Cases</u></b>	
1	<u>Lubricant Manufacturer</u>
2	<u>Solar Panel Manufacturer</u>
3	<u>Salon Business</u>
<b><u>Growth Strategy Cases</u></b>	
1	<u>State Tourism</u>
2	<u>Oil and Gas Company</u>
<b><u>Private Equity Cases</u></b>	
1	<u>Industrial Gas Manufacturer</u>
2	<u>Theatre Chain</u>
<b><u>Guesstimates</u></b>	
1	<u>Coffin Maker's Profit</u>
2	<u>Toothpaste Consumption</u>
3	<u>McDonald's Burgers</u>
4	<u>Coffee Consumption in Airlines</u>
5	<u>Dinner Plates</u>
6	<u>Denim Fabric Consumption</u>
7	<u>Dogs in Mumbai</u>
8	<u>App-based Two Wheeler Ride Sharing Service</u>

Sl. No.	Title
9	<u>Replenishment of Currency</u>
<b><u>Unconventional Cases</u></b>	
1	<u>Hotel Business</u>
2	<u>Child Education Rank</u>
3	<u>Improving Water Accessibility</u>
4	<u>Increasing GDP of India</u>
5	<u>Increasing India's Medals Tally in Olympics</u>
6	<u>Power Distribution Business</u>
7	<u>Choice of Sea Port</u>
8	<u>Conglomerate Portfolio Management</u>
9	<u>Launch of Innovative Toothbrush</u>
10	<u>Bank Branch Relocation</u>

# PREPARATION FOR MANAGEMENT CONSULTING INTERVIEWS

Preparation for a dream management consulting role includes three parts:

- Resume building
- Management knowledge
- Case preparation
- Fit questions

## Resume Building

The first step to landing a dream consulting offer is building one's resume for the shortlist. The resume building process should ideally begin a quarter ahead of the placement process. A candidate should portray a balanced personality in the resume and highlight spikes in one or more of the following areas:

- Academic performance
- Personal impact
- Leadership
- Problem solving
- Entrepreneurial drive
- Numeracy

Spikes in a resume are significant achievements in an area that sets you apart from majority of the batch. One should spend significant time in mapping every resume point to one of these above skills. This process is called **skill-mapping**. The points in a resume should be structured in a **Context-Action-Impact** or **Impact-Action-Context** format. Appropriate numbers should support the claim of impact. There are two key aspects in **communicating impact**:

- Your personal contribution to the impact
- Magnitude and scale of the impact

The Consulting Club of SPJIMR holds a *Personalized Resume Development Programme* for the PGDM batch to enhance the consulting resumes. Personalized inputs are offered on skill mapping, spike identification, impact placement, point positioning, and resume evaluation tests.

## Management Knowledge

Management knowledge obtained from key subjects in the course come in handy during consulting interviews. A candidate should prepare a personal repository of the key concepts covered in the course lectures. Revisiting concepts and frameworks from the following subjects is advised:

- Financial accounting
- Microeconomics
- Macroeconomics
- Business Research Methods
- Financial Statement Analysis
- Corporate Finance
- International Business
- Marketing Management
- Supply Chain Planning and Coordination
- Mergers and Acquisitions
- Business Policy and Strategy



# PREPARATION FOR MANAGEMENT CONSULTING INTERVIEWS

## Case Interview Preparation

Case solving is a learned skill. It requires sustained practice to develop this skill. Adopting the right technique of practice is of utmost importance. It is recommended that you employ the following techniques to extract maximum learnings from this Case Book:

- **Personal Case Prep Notebook:** Maintain a *separate notebook* for solving cases. Use this to take a note of the learnings from each case. If used properly, it will be your single-stop solution during the days leading to your interviews.
- **Solving Cases from the SPJIMR Case Book:** The cases in this book are meant to be solved before they are read. One is advised to follow these steps:
  - **Step 1:** Form a case preparation cohort with your peers. Ideally, a trio is an optimum size of a cohort for case practice.
  - **Step 2:** Solve the case on your own within the cohort. In the trio practice method, each member typically takes turns in playing the role of an interviewer, candidate and observer. The candidate may use the Personal Case Prep Notebook to work the case. In case the formation of a cohort may not be possible, solve the case in your Personal Case Prep Copy, by your own. Play the roles of both – interviewer and interviewee – as you solve it. Ask clarifying questions as the interviewee, answer them by yourself. At this stage you may give any direction to the case, which may be different from the one in the transcript. The idea is to understand the nuances of case solving, rather than getting to the answer.
  - **Step 3:** Read the transcript and analyse the case structure with your cohort (or by yourself, as applicable). Ask six questions of yourself:

Area	Question(s)	Action
Scoping	Did I scope the problem well enough?	<i>Take note of the loopholes in your problem scoping</i>
Structure	Did I develop a MECE structure?	<i>Identify what resulted in the loss of MECE in the first and second level of the structure</i>
Business Fit	Did I shape the framework to suit the client's business model?	<i>Take note of the areas where your framework (or issue tree) was not relevant to the client's business</i>
Analysis	What were my assumptions? Did I clarify all of them?	<i>Maintain a list of the unclarified assumptions. It should help you identify your thought patterns</i>
	What were my hypotheses? Did I communicate them?	<i>Explore alternative hypotheses to broaden your scope of thinking. This works well in a cohort</i>
Learnings	What new business concepts did I learn from the case?	<i>Maintain a list of these concepts in the personal case prep notebook</i>

- **Synthesis:** To constantly develop your case solving abilities, you should be able to synthesize the techniques learnt from previous cases and apply them in the next ones. Regular revision of the **Personal Case Prep Notebook** should help. The quality of synthesis, however, depends on how well you have answered the **6 questions** above.

# APPROACHING A CASE INTERVIEW

Problem Scoping	Clarify the client's situation	Listen to the interviewer carefully. Reiterate the situation of the client to make sure you have not overlooked an important detail.
	Clarify the client's ask	Align your understanding of the client's ask with the interviewer.
	Ask clarifying questions	Ask questions to understand the client's product/service, customers, competition, and financial performance. Understand the dynamics of the client's industry.
Problem Solving	Establish a MECE structure	Divide the problem into smaller parts. These parts should form a MECE structure. Use this structure to develop a framework that fits the client's business. Communicate your approach.
	Prioritize the key issues	Identify issues which will add maximum value to the client. Communicate the rationale behind your choice of the issues.
	Generate hypotheses	Suggest ways to address the key issues of the client.
	Seek facts to test your hypotheses	Ask for specific information to validate your hypotheses. The interviewer will provide you with qualitative and/or quantitative data.
	Analyse the facts (data) to test your hypotheses	Analyse the information. In case of quantitative data, the interviewer expects you to perform quick, accurate calculations and use numbers to guide your decisions. State your assumptions and findings.
Synthesis	Explore solutions	Explore creative solutions with the interviewer. Support them with your business judgement. Align your solutions with the client's requirement and business.
	State your conclusions	Summarize the key hypotheses and your findings.
	Offer your recommendations	Offer your recommended solution to the client in a crisp and structured manner. Relate them to the client's problem statement. Discuss the trade-offs.

## Do's and Don'ts for Case Interviews

### Do's:

- **Have a conversation:** Case solving is a collaborative process. Engage in a lively and stimulating conversation.
- **Think before speaking:** Frame and organize your thoughts before communicating them.
- **Show your thought process:** Communicate your logic, approach, and assumptions.
- **Organise your worksheet:** Your working on the sheet is an evidence of your structured thinking. Issue trees serve this purpose.

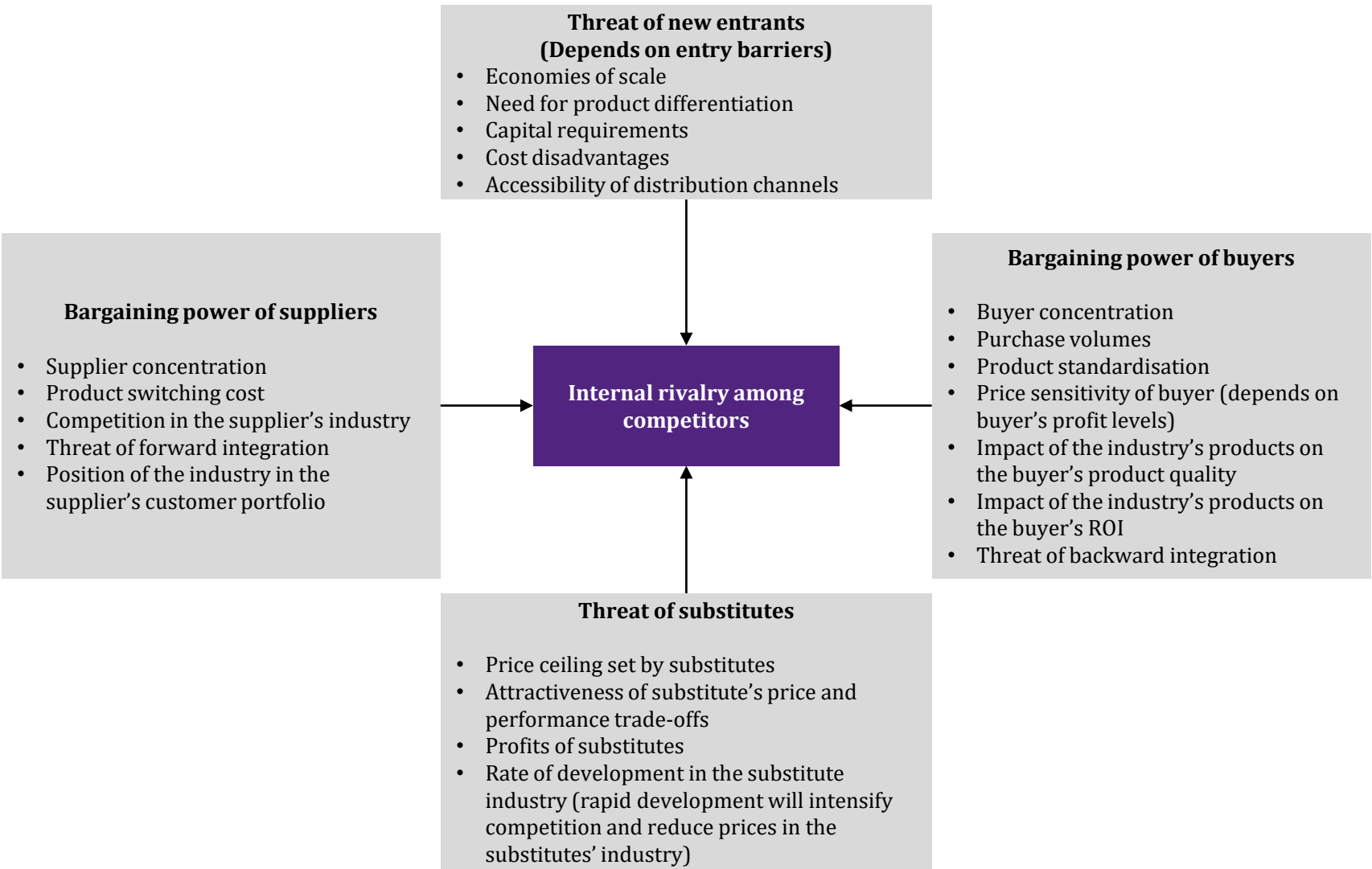
### Don'ts:

- **Use artificial frameworks:** The frameworks in business literature should only guide your thought process. They shouldn't be force-fitted into the case. One should establish a framework that suits the client's business.
- **Be rigid with your solutions:** It is important to back your suggestions. But if the interviewer challenges your views, welcome other perspectives.
- **Panic:** Do not panic if you make a mistake or hit a roadblock. Ask for help or buy some time to reorganise your thoughts.

# STRATEGY FRAMEWORKS

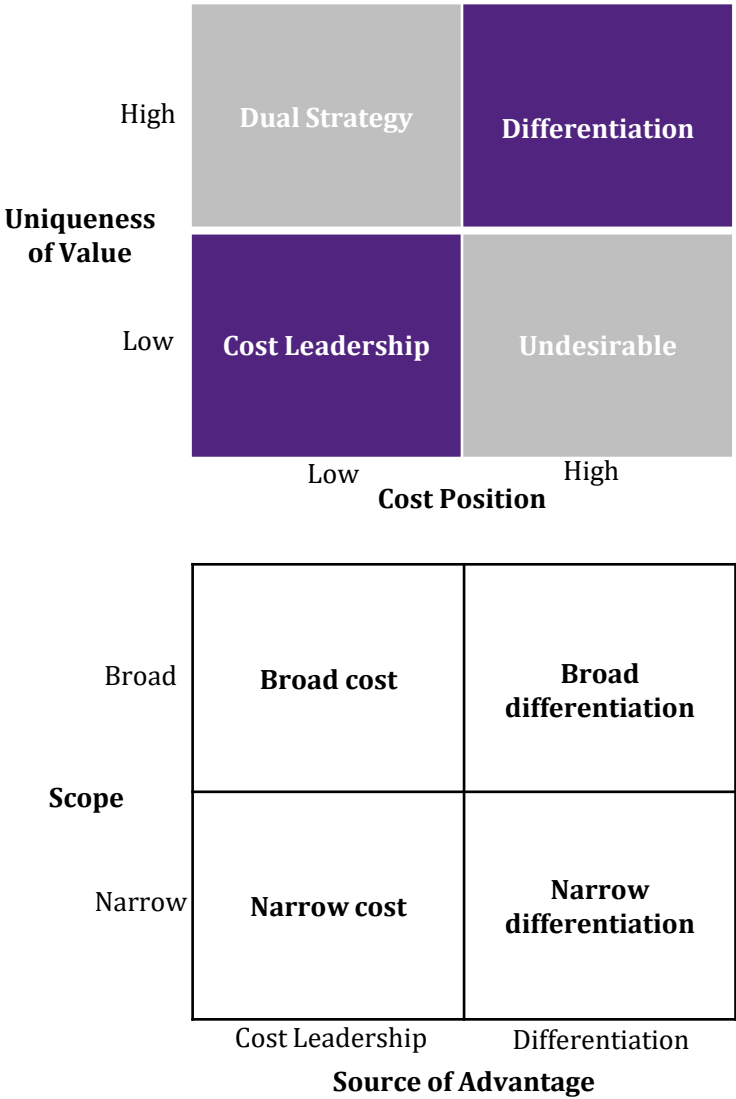
## Porter's Five Forces

To assess the intensity of competition and profitability of an industry



## Strategic Positioning, Michael Porter

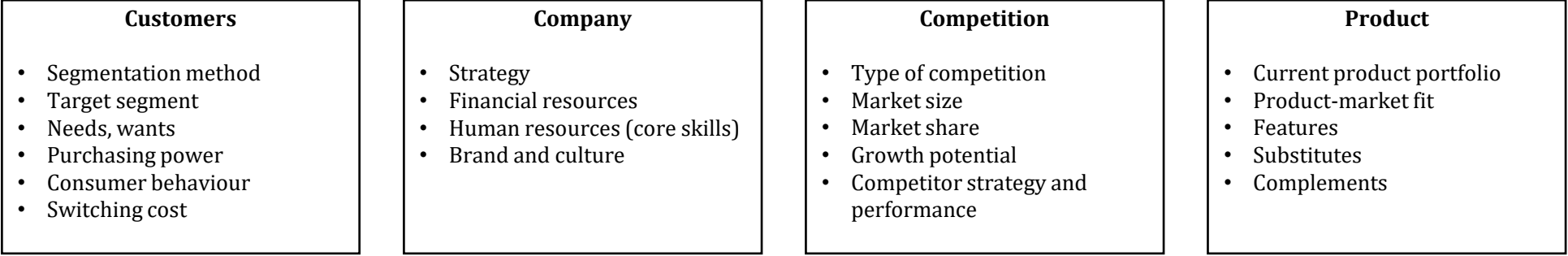
Positioning a business to create competitive advantage



# STRATEGY FRAMEWORKS

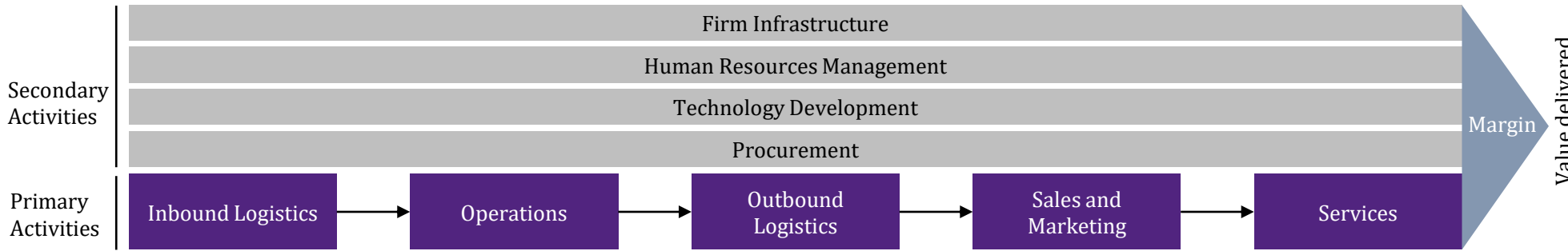
## 3C & P Framework

To scope a firm's competitive position in relation to its product, customers, competitors when targeting new markets, growth, and product development



## The Value Chain Analysis

To identify strategically distinct activities that create value for the buyer



- Each primary activity engages resources from all / most of the secondary activities. For example, Marketing procures advertising services, Outbound Logistics procures 3PL services.
- Each primary activity is a source of competitive advantage, depending on the industry. E.g. For an online food delivery platform, operations and outbound logistics are most critical.
- The value chain can also be used to perform a cost analysis of a firm.

<b>Inbound Logistics</b>	Warehousing and transportation of raw materials from the suppliers to the client's facility for further value addition.
<b>Operations</b>	The value adding activity of the firm (may be manufacturing, conversion, assembly) - this activity creates competitive advantage.
<b>Outbound Logistics</b>	Warehousing and transportation of the finished product to the customer. This includes the first mile, middle mile, and last mile.
<b>Sales and Marketing</b>	Activities involved in marketing the product and selling it to the customers. Sales generates revenue for the firm.
<b>Services</b>	Includes services like installation, training, warranty, product returns, repair, maintenance. It enhances or maintains the value.



# STRATEGY FRAMEWORKS

## Marketing Mix Framework

Used to identify the right marketing mix of a product or service offering to create and deliver value to the customer in the target market

### Product

Product portfolio, Quality, Features, Core service offering

### Price

- Cost based pricing: Full cost pricing, Direct cost pricing
- Demand based pricing: Price skimming, Price discrimination, Penetration pricing, Value based pricing, Subscription pricing, Pay per use pricing
- Competitive pricing

### Promotion

Advertising, Personal selling, Sales promotion, Public relations, Direct marketing, SEO

### Place

Trade channel design, Proximity to customer, Product placement

### People

Employees delivering the service (e.g. consultants deliver the services in a consulting firm). Do employees have the right skills?

### Processes

Customer-facing and internal processes key to service delivery

### Physical Evidence

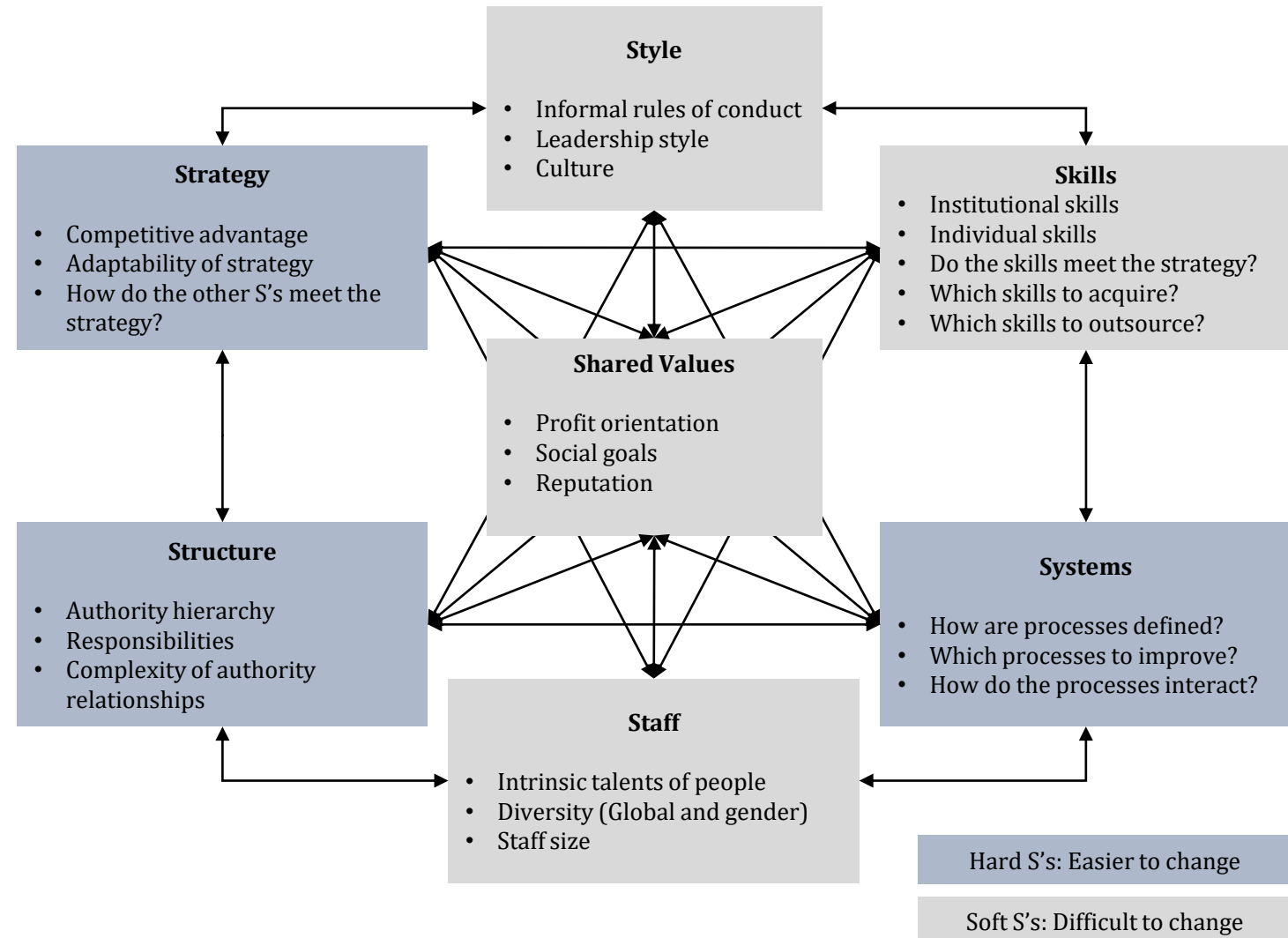
- What do the customers see when they interact with the business?
- Physical environment (e.g. IKEA store layout influences customer spending)
  - Packaging (e.g. Paperboat spout pouches)
  - User interface (e.g. Simplicity of the user interface of Zoom)

Products

Services

## The McKinsey 7S Framework

To diagnose the coordination of critical elements of a business and align them to achieve the competitive advantage



# STRATEGY FRAMEWORKS

## Ansoff Matrix

Used to identify strategic options of growth

Increasing Risk

Existing Markets

### Market Penetration

- Increase market share
- Retain market share
- Target niches
- Create economies of scale

### Product Development

- Leverage R&D
- Develop new versions of existing product
- Develop breakthrough products

New Markets

### Market Development

- Enter new geographies
- Enter new market segments

### Diversification

- Related diversification
- Unrelated diversification

Existing Products

New Products

Increasing Risk

## Modes of Market Entry

Used to choose the mode of entry in a new market / to identify a firm's extent of resource commitment in an international market

### Transactions

Exporting

Licensing and Franchising

### Direct Investment

Partnership / Strategic Alliance

Greenfield investment

Brownfield acquisition

Low

High

Resource Commitment

## Supply Chain Strategy

Used to determine a supply chain strategy that aligns with the firm's competitive strategy

Supply Uncertainty

Low

Efficient Supply Chain

Responsive Supply Chain

Risk-Hedging Supply Chain

**Cost Focus** - Cost efficiencies, economies of scale, high capacity utilisation

Risk-Hedging Supply Chain

**Cost Focus and Risk Pooling** - Inventory pooling, multiple suppliers, sharing of safety stock across the chain,

Risk Hedging Supply Chain

Agile Supply Chain

Responsive Supply Chain

**Service Focus** - Flexibility, mass customization, high order accuracy, strong supplier collaboration, modular capacity

Agile Supply Chain

**Service Focus and Supply Integration** - Flexibility, responsiveness, inventory (risk) pooling, modular capacity

Low

High

Demand Uncertainty

# STRATEGY FRAMEWORKS

## The GE-McKinsey Matrix

To prioritise investments in business units of a multi-business enterprise

Industry attractiveness	High	Invest / Grow	Invest / Grow	Selectivity / Earnings
	Med	Invest / Grow	Selectivity / Earnings	Harvest / Divest
	Low	Selectivity / Earnings	Harvest / Divest	Harvest / Divest
		High	Med	Low
		Competitive strength of business unit		

**Invest / Grow:** Advertise, Research and Development, Acquisitions.

**Selectivity / Earnings:** Selectively invest in businesses and manage the earnings. These businesses may change prospects in future and shift to the other categories. The size of this category depends on how many businesses are in the other two categories.

**Harvest / Divest:** Sell the at an acceptable price, invest cash necessary to keep the business viable.

## The BCG Growth Share Matrix

To prioritise different businesses in a portfolio by their profitability

Growth	High	<b>Stars</b> <i>Generate moderate positive or negative cash flows. Stars have high future potential.</i>	<b>Question marks</b> <i>Typically generate highly negative cash flows. Investment or divestment decisions should be taken, depending on the chance of transitioning to Star category.</i>
	Low	<b>Cash cows</b> <i>Generate high positive cash flows. Cash generated from cash cows should be reinvested in Stars.</i>	<b>Pets</b> <i>Generate moderate positive or negative cashflows. These businesses should be divested or repositioned.</i>
		High	Low
		Relative Market Share	

## Note on Customer Lifetime Value (CLV)

The present value of profits a firm expects to generate over customer's lifetime

$$CLV = \frac{\text{Average Annual Gross Margin per Customer}}{1 - R + D} - \text{Acquisition Cost}$$

R = Retention Rate

D = Discount Rate

Assumption: The customer's economic lifetime is infinite.



# **CASE TRANSCRIPTS AND ANALYSES**



# PROFITABILITY CASES



**Problem:** A magazine publisher is facing declining profitability for the past 3 years. Discuss the possible reasons and give your recommendations.

So the client is a magazine publisher whose profitability has been decreasing for the past 3 years. Is there any other objective I need to keep in mind?

I: Profitability is the only issue.

I'll start with a few clarifying questions. What is the size of the company and its market share?

I: Sure. It is a small company with not that big of a market share.

What kind of magazines do they publish and where do they sell it? What is the revenue break up?

I: Majority of their revenue comes from "Hunt & Kill" magazine. "Hunt & Kill" gives 60% of their revenue. These are sold only in outskirts of US, mostly the southern states and have a niche market.

Okay! So is it fair to assume that their target consumers are adventure sports enthusiasts?

I: Yes, that's correct.

Is the issue of profitability only for this company or for other competitors also?

I: No, only this company is facing declining profitability.

Alright. Can I please take a minute to structure my thoughts?

I: Please go ahead.

Okay, first I would like to split profits into revenue and cost components. As we know Profits is Revenue minus cost, so if profits are going down, then either revenue is falling or costs are increasing, or both. Do we have any information on the same or shall I go through all aspects?

I: Let's consider each one by one. Revenue first.

Sure, as revenue is price \* volume, profits declining can be due to decrease in prices or decrease in volume of magazines sold. Has the client revised the price recently?

I: No, price has been the same. What are the other sources of revenue for a magazine publisher?

Major source of revenue can be advertisements in the magazines. Is this a fair assumption?

I: Yes, go ahead.

Since the prices are same, I am assuming that the volume of magazines being sold is declining.

I: Makes sense. What could be the reasons for the same?

Few of the reasons I can think of are declining content quality, changes in customer tastes/likability and shifting to competitor for a differentiated product. May I know about the competition that we're facing?

I: So, people have started reading more of online blogs rather than our magazines but yes content quality is also an issue in the product. Why do you think so?

I agree with you that people prefer online content, since they can read it from anywhere and on any device. Reasons for declining content quality of magazines can be that bloggers are gaining popularity through their blogs or that they're paid more for their articles by the websites. People hardly notice the author's name on hard copy articles.

I: Okay, do you have any suggestions to tackle this issue?

The client could have an online version of their magazine to increase readership. They could revamp their content to suit the needs of the consumers.

I: Good, now let's move to cost side. What are the different cost involved in magazine publishing?

The variable costs involved could be raw materials like ink, paper, overhead costs, labour and maintenance of machinery. Fixed costs would comprise of machinery, employee salaries and rent.

I: Okay. How can the client reduce these costs?

In the short run, client should at best try to reduce the variable costs. The cost of raw material (ink) can be reduced by decreasing the font size of the magazine if possible. This would increase the content on one page and hence, reduce the total number of pages required. This would fetch the client savings on the raw material cost of paper.

I: Do you have any other recommendations to reduce costs?

Yes, the client could consider looking into the pre-emptive maintenance of machinery to reduce repair costs. They could standardise the sizes and production of magazines for efficient printing.

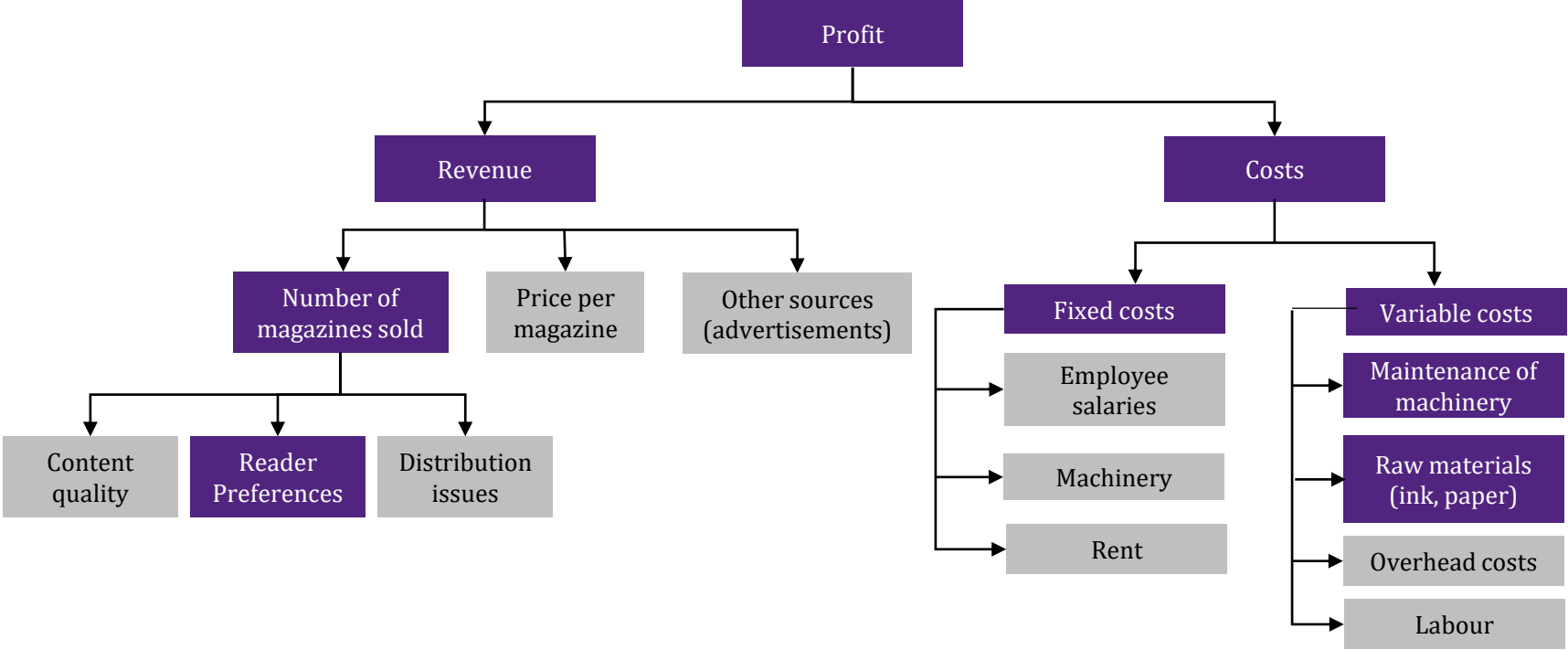
I: That will be all. Thanks!

# Magazine Publisher – Case Structure

**Problem:** A magazine publisher is facing declining profitability for the past 3 years. Discuss the possible reasons and give your recommendations.

Problem Scoping			
Objective	Analyse reasons for declining profitability and give recommendations	Location	Southern states of the US
Target Segment	Adventure sports enthusiasts	Competition	Client has small market share. Competitors’ profitability is stable

Notes
60% of the client’s revenue is from one magazine- “Hunt & Kill”
Suggestions for both revenue and cost components given by the candidate
Market size for physical magazines is decreasing due to preference for online content



### Key Insights

- The candidate clarified the assumptions at every step of the case, which makes it easier for the interviewer to correct any faulty assumption
- The candidate could have asked if the client operated on a subscription model or one-time purchase
- The candidate could have offered reasons for the revenue issues and suggestions to tackle them upfront

## E-Commerce Company – Transcript

**Problem:** Your client is Snapdeal who has been facing decline in profits for the past few years. Analyze the problem and find reasons for this decline.

I want to start with some clarifying questions. Since how long our client is facing the decline in profits?

I: From the last 3 years.

Are other companies in this industry facing this problem, or only our client is facing this issue?

I: Only our client.

Is it safe to assume the our client has only marketplace model? Does our client have any other business?

I: Yes, you can go ahead with your assumption. Our client does not have any other business.

What is the geography in which our client operates?

I: The client operates only in India.

Is safe to assume Amazon and Flipkart are our largest competitors and are highly cash rich and are making good investments in India?

I: Sure, you can assume that.

Can I take a minute to structure my thoughts?

I: Sure!

We can divide Profitability into two buckets, revenue and costs. Let me first look into the revenues.

I: Okay.

Revenues can be expressed as:

Revenue = Number of customers x ticket size per customer x frequency of purchase

Are we seeing any declining trend in number of customers?

I: No. The trend is flat.

I would like to know about the user interface and the customer's journey to buy a product from Snapdeal's website or app.

I: What data will you need to analyse this.

Metrics such as number of page views, time taken to reach the category page, search word optimization etc. We can further compare them with the industry standard to understand what is the pain point.

I: Okay. You can move on.

Is our client as price competitive as compared to Amazon, Flipkart?

I: How will you get this data on competitors' prices and their trends?

We can perform a data scraping exercise to get the competitors' prices and their trends.

I: Make sense. What else would you look at?

Can you tell me if the variety of products & brands available on our site are comparable with competitors?

I: All are at par with competition. Are there any other sources of revenue you can think of?

Yes, our client can also generate revenues from the sellers by charging a fee to add their product on Snapdeal's site and also for advertising a particular product or brand on the home page.

I: Correct, revenues can be generated from both customers as well as suppliers.

Is there anything that I have missed on the revenue side?

I: You can look at the costs now.

Costs can be divided into Fixed and Variable costs.

I: What are the various headers of fixed and variable cost you will consider?

## E-Commerce Company – Transcript cont.

**Problem:** Your client is Snapdeal who has been facing decline in profits for the past few years. Analyze the problem and find reasons for this decline.

Under fixed cost, there is infrastructure like rent of cross-docking warehouses, office buildings , equipment & instruments for transportation inside warehouse, human resources, website maintenance costs.

Under variable cost, there is transportation costs, promotional costs, utilities , security expenses.

I: How would you go about analysing these costs?

I will identify highest costs under each bucket and then, compare it with the industry standards and competitors. If it is high or low, I will try to identify the reason.

I: Okay. That would be all. Thank you

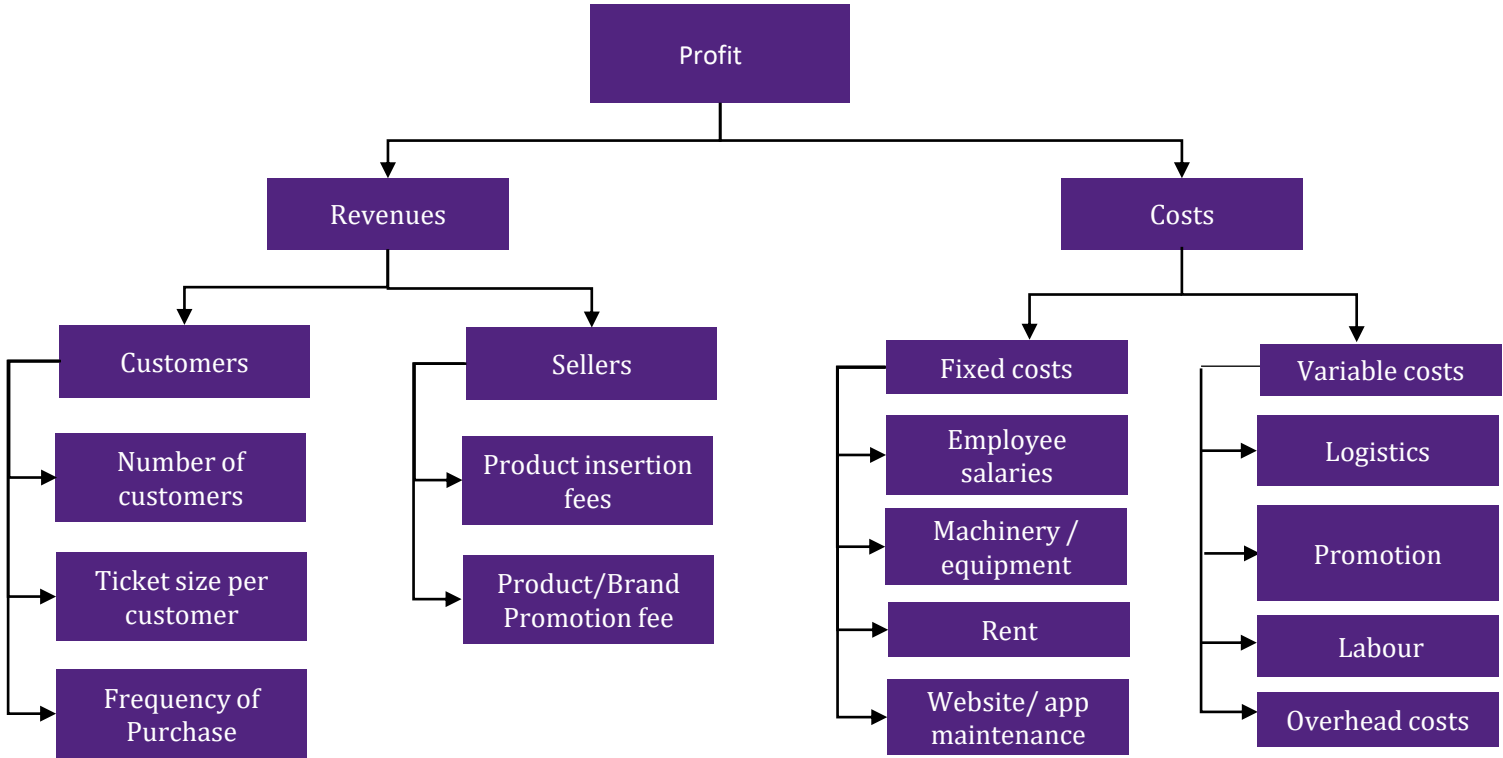
**Note:** The interview was not steered to the solution stage. The intention of including this case is to help the reader understand the levers to be considered in an E-commerce case.

E-Commerce Company – Case Structure

**Problem:** Your client is Snapdeal who has been facing decline in profits for the past few years. Analyze the problem and find reasons for this decline.

Problem Scoping			
Objective	Analyse the reasons for decline in profits	Location	Pan India
Business Model	Marketplace (no inventory holding costs)	Competitors	Cash rich – Amazon and Flipkart

Notes
Revenue = Number of customers * ticket size per customer * frequency of purchase
Cost = Fixed cost + Variable cost



Key Insights

- The candidate should have explored costs first as they are easy to implement - revenue depends of external factors more, costs are majorly internal hence controllable
- The candidate could have asked about the increase or decrease in number of sellers as they form the basis of marketplace business model



# Indian Insurance Company – Transcript

**Problem:** An Indian insurance company fell from second position to third due to falling market share, this has affected its profitability. Analyze the reason for the same.

To reiterate, our client is facing falling market share and hence have slipped from second position in the market to the third. This has caused a fall in profitability and I need to analyze the reason for it.

I: Correct!

I will start by asking some preliminary questions. Has there been declining growth in the company?

I: Yes, the company is growing slowly as compared to our competitors and hence the falling market share.

Since when is the client facing this trend?

I: Since the past six months.

Can you help me understand the products that the company deals with?

I: It sells usual insurance products. The categories are not relevant in this case.

In that case, I would like to know the geography that we cater to.

I: The geography is also irrelevant to the case.

Okay. Then I would like to explore the market share via awareness, availability and accessibility. Has there been any decline in the awareness of our products?

I: No. But we launched a product later than our competitors which did hurt our business. But it is not a major reason.

Okay, I would want to analyze other issues. How have our products been easily accessible to the customers?

I: What do you mean by accessibility?

I'd like to understand the channels through which our clients access our products.

I: The share is as follows : agent gets 75%, banks get 20% and miscellaneous as 5%.

My hypothesis is that since agents are the major distributors of our products, maybe decline is majorly impacted due to change in agent based sales. Would that be correct?

I: Yes, that's a reasonable assumption.

Okay, so I will list down some possible reasons for the same.

I: Sure.

Has there been a change in the sale force mix of experienced and new people? Having new salespeople at this point maybe adverse.

I: Correct. This is one of the reasons. What else?

Changes in incentive system. If the incentives of high revenue generating policies have been altered, hence sales force may be selling less of these insurance policies and hence impacting revenues.

I: That is a good thought, but does not impact our case.

Training of the personnel could be one reason. Maybe due to less training our sales force fail to achieve higher sales and hence we are losing out to competitors.

I: Good. This is one of the reasons for the decline in market share. Any other reason?

Recruitment of the agents can be another issue. If we hire more people we will be able to cater to more people in various geographies.

I: Correct. You are on the right track. Do you have any recommendations regarding training of personnel?

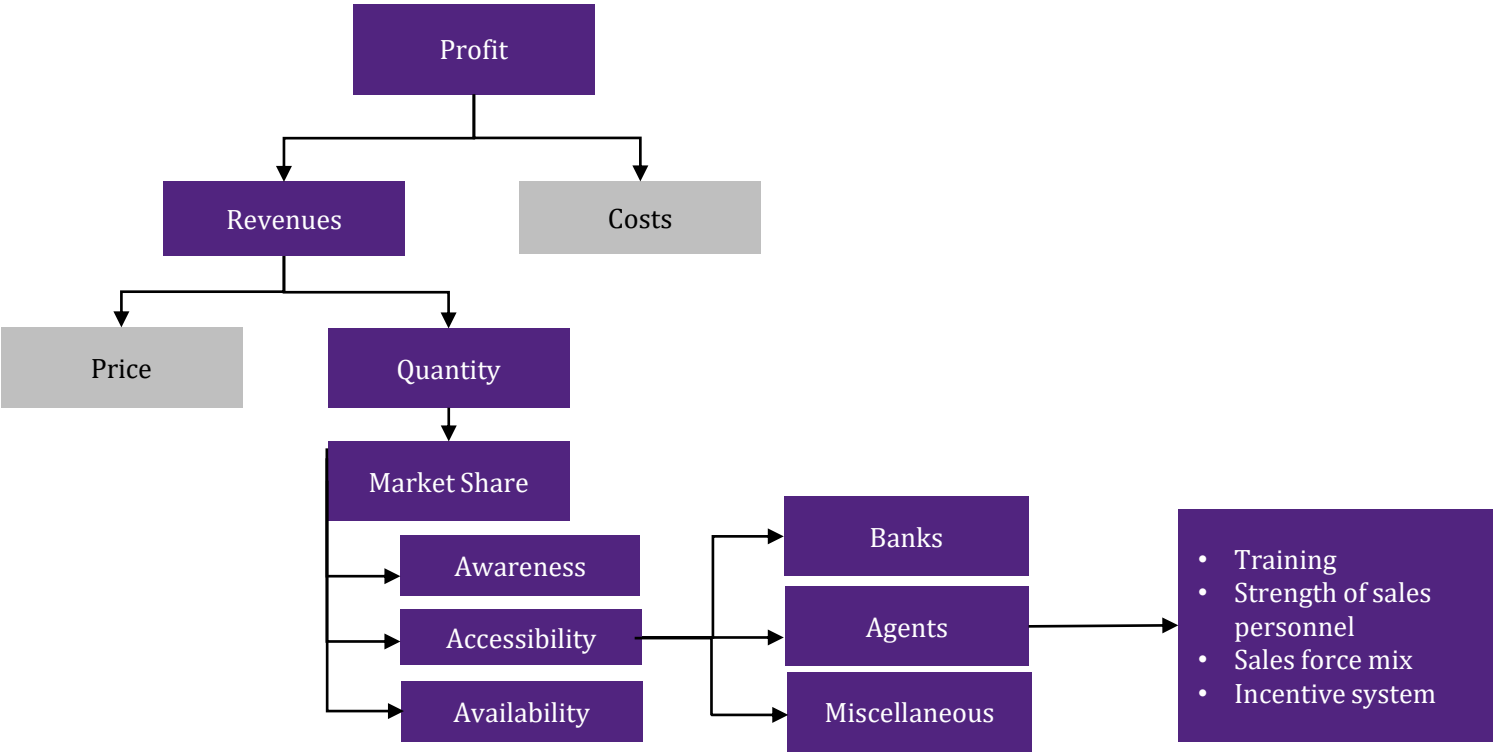
Sure sir. We need to look into the frequency of training sessions conducted. These sessions should be benchmarked with practices followed by our competitors. We can also analyse whether we need to hire external specialized HR personnel for training or in-house training with suffice.

I: These are good recommendations. Thank you. We can close the case here.

# Indian Insurance Company – Case Structure

**Problem:** An Indian insurance company fell from second position to third due to falling market share, this has affected its profitability. Analyze the reason for the same.

Problem Scoping			
Objective	Declining profitability	Reason	Shrinking market share
Timeline	Last 6 months		



### Key Insights

- The problem statement talked about fall in market share and not declining growth. Instead of directly probing on declining growth, the candidate should have asked more specific questions on revenues and benchmarked it with the competitors
- The candidate did a good job in identifying the cause of reduction in accessibility. The reasons suggested were comprehensive

# Srilankan Insurance Company – Transcript

**Problem:** Your client is an insurance company in Sri Lanka. It has witnessed fall in market share. Analyze the problem and give recommendations.

To re-iterate the problem statement, our client is an insurance firm in SL, facing fall in market share.

I: Correct!

I'll start by asking some preliminary questions. How long have we been facing this problem?

I: About 6 months.

Okay. Do we have any competitors?

I: Yes

So, is this issue industry specific or only our client is facing it?

I: It is client specific.

What is our product offering?

I: Insurance policies, similar to the products offered by LIC in India.

Okay. Going ahead, I would like to look into the market share of the client. I would like to define market share as a function of product accessibility, awareness and likeability. Is there any other factor that you would like me to consider?

I: This seems like a reasonable approach. You can go ahead with this.

Is there any particular factor that you want me to focus on or should I analyse all of them.

I: You can go through all of them.

Sure sir. I will start with product likeability. Are our products in line with our competitors?

I: Yes

Have we seen any new product launched by our competitors in the recent past due to which we are losing market share?

I: No, there are no new product launches by our competitors.

Okay. So is our price offered attractive and competitive enough?

I: Yes, price is not an issue, we are in line with the competitors. You can look into other factors instead of product likeability

Okay. Then I would like to venture into the awareness of our products. What are our current promotion and marketing strategies? How do they compare with our competitors?

I: Awareness is not an issue. You can move on from it.

Okay. So I would like to explore the accessibility of the products.

I: What do you mean by accessibility?

I am referring to the distribution channels through which we are making our products. Distribution can be medium of delivering our products/ offerings. Do you have both offline and online channels?

I: Yes.

Have we reduced in the number of applications via website, apps? Are our customers facing problem in accessing platform?

I: Not really.

In the offline mode, is our sales department productive enough?

I: How would you measure that?

Sales productivity can be given as – No of sales personnel \* No of customers targeted \*% converted

I: Good. So there is problem with proper targeting of customers. Steps are being taken to correct that. What are the other costs?

They could be divided into fixed and variable. Fixed will include building, equipment, IT, infrastructure, licenses, people costs and variable could be employees variable, overhead expenses, sales and marketing..

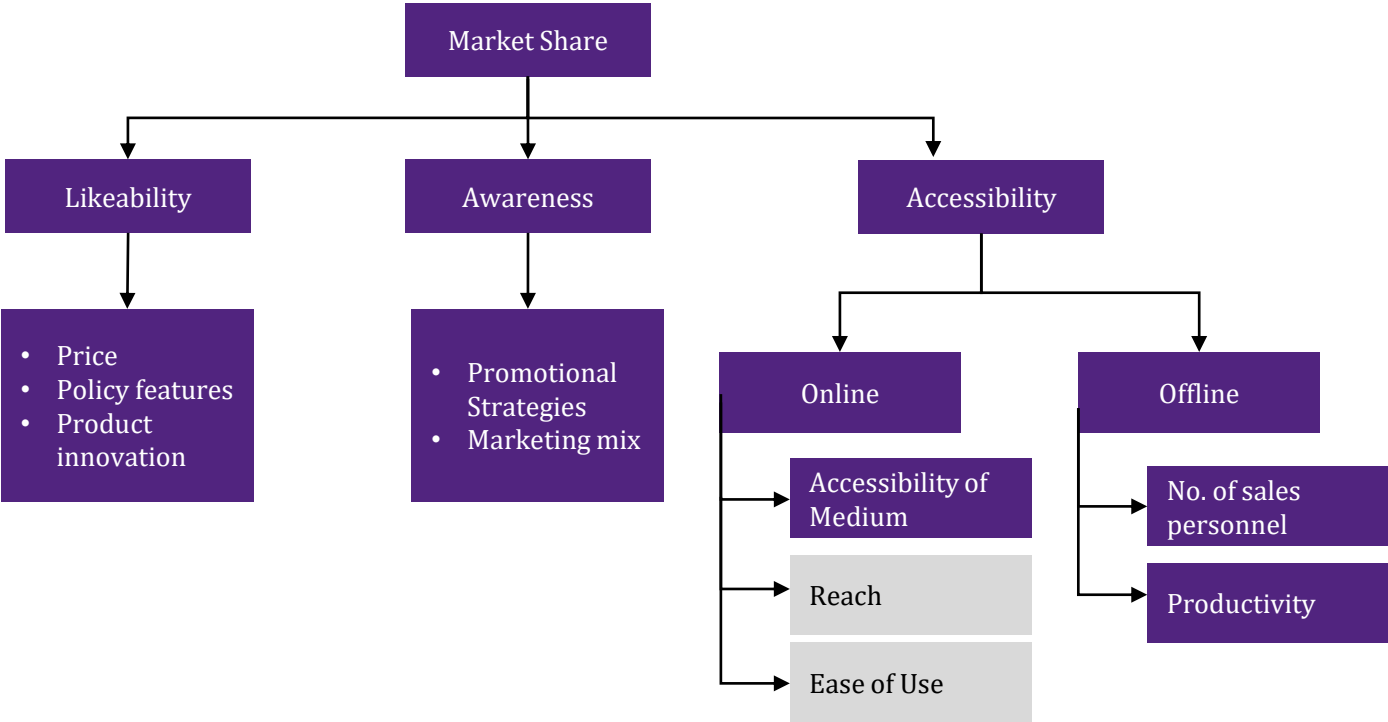
I: Great. That would be all. Good luck.

# Srilankan Insurance Company – Case Structure

**Problem:** Your client is an insurance company is Sri Lanka. It has witnessed fall in market share. Analyze the problem and give recommendations.

Problem Scoping			
Objective	Arrest decline in market share	Location	Sri Lanka
Problem timeline	Last 6 months		

Notes
Sale force productivity= No. of sales personnel * No. of targeted customers * %age converted



### Key Insights

- The candidate asked relevant preliminary questions and defined the scope of the problem
- The candidate could have mentioned factors such as ease of use, user interface etc. which impact online distribution

## General Insurance Company – Transcript

**Problem :** Your client is a general insurance company and is looking to grow its agency channel. It sells policies through agents and banks. How can we increase its agency revenues?

Sure sir. So our client is a general insurance company looking to increase agency channels. It sells policies through banks and agents, and it wishes to grow its agency revenue. Is this the only objective?

I: Correct! This is the only objective.

Before we begin, I would like to ask a few preliminary questions.

I: Sure, go ahead.

How do agents sell the insurance policies?

I: They go door-to-door to sell, they have small offices and also work from home.

How is insurance sold through banks?

I: Banks cross sell the insurance along with their other products.

What are the company's products and which areas do we operate in?

I: The company has 2 products: motor insurance and health insurance.

Do we operate pan India?

I: Company operates in top 100 cities of India - the top cities could be considered by their GDP.

Okay. How competitive is the landscape?

I: It is fifth largest insurance company in terms of revenues in India, and 16th by agency revenue.

Okay, so I would need some time to structure my thoughts.

I: Sure.

We can look at the following factors which will increase the revenues - Mobile Apps, Insurance Aggregators like Policy Bazaar, tie up with hospitals and auto dealership, premium investments in short term assets or corporate bonds and underwriting speed.

I: How will these factors impact agency revenues. Our objective is not to increase total revenues but agency revenues.

Sure sir. In that case, I would like to know why are we 16<sup>th</sup> by agency revenue when we are the 5<sup>th</sup> largest in terms of overall revenues? Is it because we are getting higher revenues through banks?

I: Yes, that is correct. Now find out the reason for decline in agency revenues.

We can look at the following 4 factors - number of agents, training and skills, incentive system and performance matrix.

I: Okay. Go ahead and analyze these factors.

Sure sir. I will look into each factor one by one.

- a) Number of agents - We can look at number of our agents vis-à-vis competitors along with the sales force mix in terms of new and experienced members. Can we hire more agents and train them or we need to snatch agents from competitors?
- b) Training - How many trainings sessions do we hold for our sales force on an annual basis? How does this number compare with competitors?
- c) Incentive system - Do we have a fixed pay or relative pay based on sales generated? Have we aligned high revenue generating policies with higher pay for the sales force?
- d) Performance metrics - How is the performance of the sales force tracked currently? What are the metrics for monitoring the performance? Some metrics we can look into are conversion ratio, feedback of customers etc.

I: This is a good analysis. Can you give a few recommendations on improving the incentive system.

Sure sir. As earlier mentioned, we should align the high revenue generating policies with better pay. We can provide recognition to sales person who achieve the highest sales, for example, awards like 'Sales Person of the Month'. The variable pay on achieving the target can be increased, if required, to bring it in line with competition. We can also look into providing extra compensation or benefits like accommodation, travel allowance etc. for salesperson who have travel to different locations.

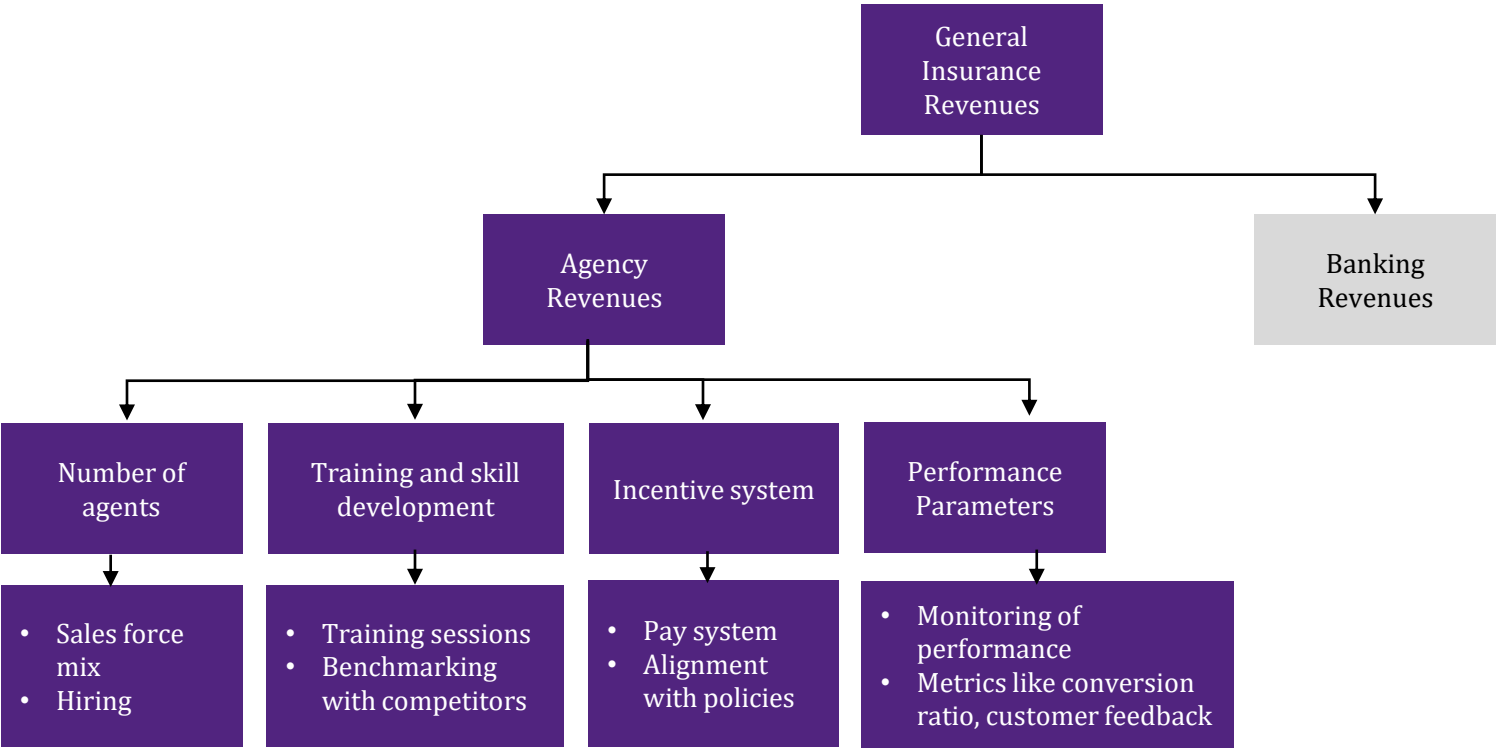
I : This is a good set of recommendations. Thank you. This will be all.



# General Insurance Company – Case Structure

**Problem :** Your client is a general insurance company and is looking to grow its agency channel. It sells policies through agents and banks. How can we increase its agency revenues?

Problem Scoping			
Objective	Increasing agency revenue	Product	Health Insurance and Auto Insurance
Channels	Agents and Banks	Market Position	5 <sup>th</sup> largest ( overall revenues); 16 <sup>th</sup> largest (agency revenues)



Key Insights

- The candidate should have focussed on the objective of increasing agency revenues to make the recommendations more specific
- Preliminary questions on volumes and revenue % of agency and banking channels should have been asked. This would helped the candidate scope the case better

# Steel Sheet Manufacturer – Transcript

**Problem:** As a consultant, you have been hired by an Indian Steel Sheet Manufacturer which wants to increase its profitability.

So the client is a steel sheet manufacturing company and wants to increase profitability. Right?

I: Correct!

I would like to know some background information on the company and its operations.

I: Sure, the company makes steel sheets in shapes for automobile majors.

How many plants does the client have? Has there been any recent changes in the operations?

I: Only one plant. There hasn't been any change in the process.

Okay, can I have some data on the client's market share and its competitors?

I: Sure. The client is one of the industry leaders and the components manufactured is similar that of its competitors.

So, profitability can be increased by increasing revenue or optimizing cost or a combination of both. I would begin by analysing the revenue side.

I: Please go ahead.

The client supplies steel components to automobile majors. The revenue can be increased by either focusing on sales of existing products, launching existing products in a new market or the client should focus on increasing either the volume or price of the existing product. However, given the slowdown in the automobile industry it would be difficult to increase sales from existing customers.

I: Yes, you're right. The automobile industry is facing a slowdown and also the export markets are not keen on increasing their purchase volumes.

In that case, I assume there is not much to be done on the revenue side.

I: That's right, please look at the costs.

I would now proceed with analyzing the costs across the value chain. There would be cost involved in the sourcing of raw materials, processing it to make different shapes, warehousing, logistics, distribution, marketing to the automobile companies, sales, and post-sales services. Which part of the value chain does the client operate in?

I: The client handles sourcing to post sales. You can focus on the sourcing.

Is the steel procured from a supplier or is it manufactured inhouse?

I: It is procured.

Does the client source steel from multiple suppliers or is it single sourcing? How many grades of steel are procured?

I: The client has one single supplier and procures a single grade of steel.

Why does the client source from a single supplier?

I: There is a single supplier of the required grade of steel in the Indian market.

Alright, that means the supplier has significant negotiating power. Is the client procuring at higher price than the competitor?

I: That is right. Why do you think that may be the case?

The client's order batch size will affect the per unit price of raw material.

I: How can we negotiate for lower prices? Please recommend.

The client should explore the option of bulk procurement to and sign bulk discount deals with the supplier. However, this would increase the inventory costs.

I: Fair enough. How can we reduce the logistics cost?

Before I recommend, I'd like to know who manages the transportation and what is the distribution network of the client?

Sheets are delivered directly from the plant to the customers pan India.

I: In that case, the client should set up regional warehouses. This will help in freight consolidation and reduce unit cost of transportation. The client can limit fixed costs by leasing warehouses.

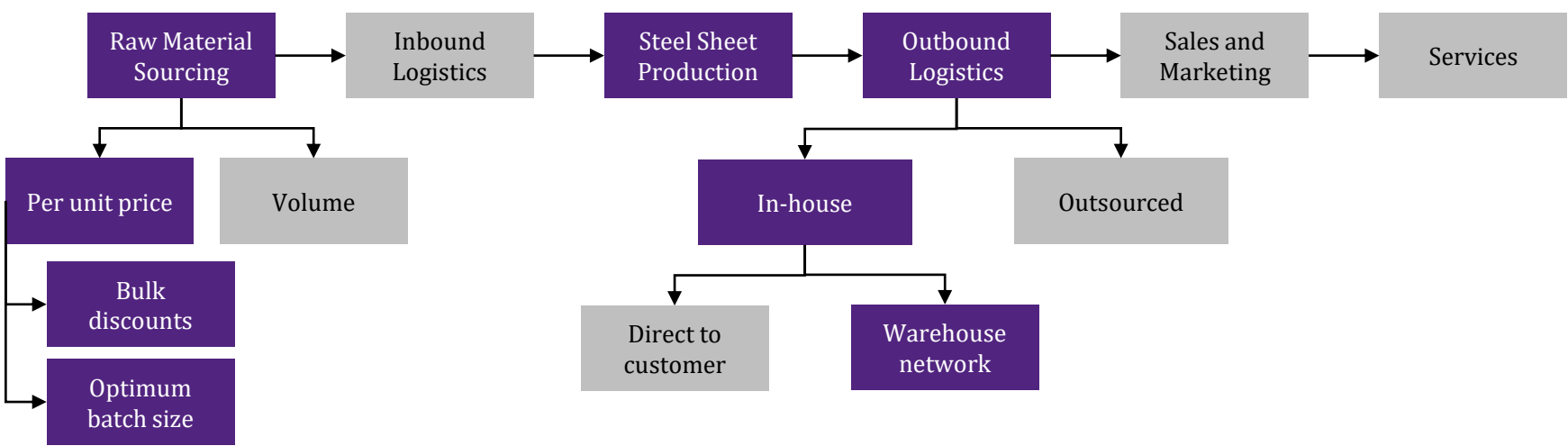
Thank you. That will be all.

Steel Sheet Manufacturer – Case Structure

**Problem:** As a consultant, you have been hired by an Indian Steel Sheet Manufacturer which wants to increase its profitability.

Problem Scoping			
Objective	Increase profitability of the client’s business	Operations	Manufactures steel sheets
Product	Automobile manufacturers (B2B)	Competition	Client is one of the major players

Notes
The automobile industry was in a slowdown when the candidate interviewed.
Revenue stream: Sales of steel sheets



Key Insights

- The candidate could have clarified if both revenue and cost aspects have to be explored and then continued with the value chain analysis
- The candidate could have asked more questions on the client’s product portfolio and sourcing strategies to give better recommendations
- The candidate demonstrated business awareness while factoring in the ongoing slowdown in the industry

# Healthcare Equipment Manufacturer – Transcript

**Problem:** A healthcare equipment manufacturer is facing a decline in market share. They want to know why and have asked you for help

I would like to ask a few clarifying questions before I start. May I know, what do we mean by market share? Is it Revenue or profit?

I: Revenue

Is the decline in market share an industry phenomenon or is it limited to our client?

I: Only our client is facing the issue

Okay. I would like to know more about the client. What kind of healthcare equipment does the client sell? And where does our client operate in?

For now assume that the client sells one kind of equipment. They operate in India since last 1 year.

Okay. Revenues can go down either due to decrease in number of units or due to decrease in the revenue/unit

I: The number of units sold have decreased

Great. I would now like to analyze why the quantity sold has been declining. I would like to look at internal and external factors.

I: What are the internal factors that you would consider?

In terms of internal factors, there could be a problem due to production, distribution or the customer pull. Do we know where the problem lies?

I: Can you look at the distribution part?

Who do we sell these machines to?

I: We sell to hospitals and pathology labs.

Okay. What are the channels through which we sell our products to them?

I: For hospitals we sell via bids and for pathology labs via direct sales

Could you help me understand what problems the client is facing in the bidding process?

I: What do you think?

According to me, there could be 4 possible issues:

- First, we might be losing the bids because our prices are not competitive
- Second, we may not be aware whenever a hospital opens the tender for bidding
- Third, brand recognition. Since you mentioned that the client is operating in India since last 1 year, it may not have as much brand recognition as compared to its competitors
- Finally, maybe we are not differentiating our product enough to command a premium

I: Differentiation is not a factor here, since medical equipment are standardized in order to enable different lab professionals & doctors to use it efficiently. Can you also look at direct sales for path-labs?

Sure. I would like to investigate the direct sales issue at path labs via Skills and Incentive problem.

- Skills:
  - Firstly, it might be the case that the number of sales force on the ground is not optimum
  - Secondly, it could be the case that the sales team is not completely aware about the product and is not able to make an effective pitch
- Incentive:
  - Since, we are only 1 year old, it might be the case that we are not providing competitive commissions to the sales team

I: That looks great. What are your final recommendations?

For selling to hospitals via bids, I would recommend to:

- Advertise our product to increase visibility and publish testimonials from existing customers
- Since the product is standardized, we can differentiate on the service part by providing warranties for greater period as compared to our competitors. We can also provide a dedicated technician to resolve issues quickly
- Hire a dedicated person to monitor the tenders being released by old and new hospitals
- In order to price competitively, we can explore a rental model wherein the hospitals can subscribe yearly to the equipment. This may help them to have the latest technology and also reduce cost. For us, it may help increase our customer base and improve inventory turnover

For direct selling to pathology labs, I would recommend to

- Improve the sales team knowledge by providing extensive training. We can also tie up with firms that help the sales team to improvise their pitch
- We may have to provide more margins to the sales team initially in order to push our product in the market and also attract more salespersons

I: Those are excellent recommendations. Thank You.

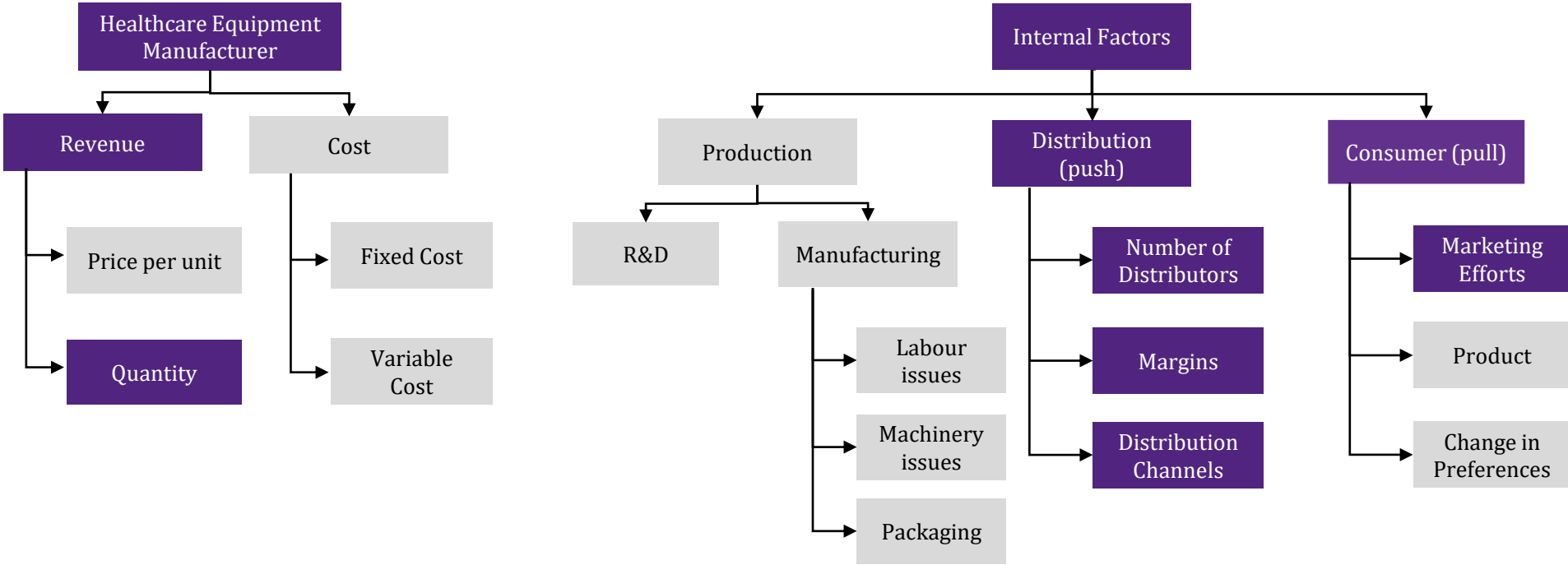
# Healthcare Equipment Manufacturer – Case Structure

**Problem:** A healthcare equipment manufacturer is facing a decline in market share. They want to know why and have asked you for help

Problem Scoping			
Objective	Control declining revenue	Location	India
Customers	Hospitals and Pathology Labs	Age	In Indian market, since 1 year

Notes

Distribution channels:  
1. Bids for hospitals  
2. Direct selling for pathology labs



## Key Insights

- The candidate probed through the case by putting forward possible issues and with the help of interviewer narrowed down to the specifics
- It is completely okay to ask more information about product and the processes, if you are totally unaware about it
- Its not necessary to give many recommendations. Giving a few quality ideas which are feasible would also suffice



## Community Bank – Transcript

**Problem:** Your client is a small community bank and they want to increase their profitability. How will you go about it?

Can you please tell me what kind of financial products the client offers?

I: The bank has two products: FD and Loan. FD has 3 variants: 3 months, 1 year and 2 years at 3%, 4% and 5% interest and Loan has three variants: 3 months, 1 year and 2 years at 5%, 6% and 7% interest.

May I know about the locations where the client operates?

I: Since it's a small community bank, its operations are mainly in rural areas in India.

Can I take a minute to structure my thoughts?

I: Sure.

Since we want to increase the bank's profitability, I would like to proceed by breaking down profits into revenue and cost, and then analyze them separately.

I: Okay, start with costs.

I would divide cost into two parts: Fixed and Variable. Fixed includes branch rent, utility services, employee salary, promotion, transaction and recovery costs.

I: Okay, go on.

Variable cost includes FD interest cost and NPAs. I would first like to focus on variable cost. Do we have any data on increase or decrease in number and amount of NPAs compared to last year?

I: We don't have the data to suggest if we can reduce costs. You can move on to the revenue side.

I would divide Revenues into Market Size, Market Share and Product Mix

I: Look at product mix first.

Sure! Since a bank's major chunk of revenues are generated from Loan interest paid by the customers, I would like to know the share of all three variants of loans

I: Good question. Consider major share is of loan variant of 1-year duration.

Since the bank mainly operates in rural areas, can we consider that people take loans mainly for agriculture related activities. These activities have a cash conversion cycle of equal to or less than a year and hence, loan of 1 year is most attractive. Can I go ahead with this assumption?

I: Yes, you can consider that.

If we compare our FD variants with loan variants and assume that variants having same duration are worth of same amount, net interest margin for our client comes out to be 2% for all three variants.

I: Okay, go on.

This 2% accommodates the transaction cost, customer acquisition cost and other fixed and variable costs. Whatever is left, will be the margin for the bank. Since we can't reduce the costs, we can increase the interest rate of 1 year loan variant maybe by 0.5%. Since this variant is most attractive, we might be able to increase our revenue and profits.

I: Okay. Can we do anything else?

If there is a regulatory requirement and we cannot increase the interest rate, we can add a new loan variant in our product mix and can combine it with crop insurance to make it more attractive.

I: That is a good suggestion. You can move on from product mix.

Next is our market share, which can be further increased by increasing promotion and improving distribution. And to increase the market size, we can look into different customer segments.

I: Please explain the strategy for each.

Since we operate mainly in rural areas, positive word-of-mouth will be the most effective promotion strategy. To increase the penetration, we can increase our distribution network by having more sales agents who can explain to farmers about our product in local languages. Promotional activities should be increased in local trade fairs where most farmers visit before purchasing tractors. We can also expand our customer base by giving loans to various SHGs.

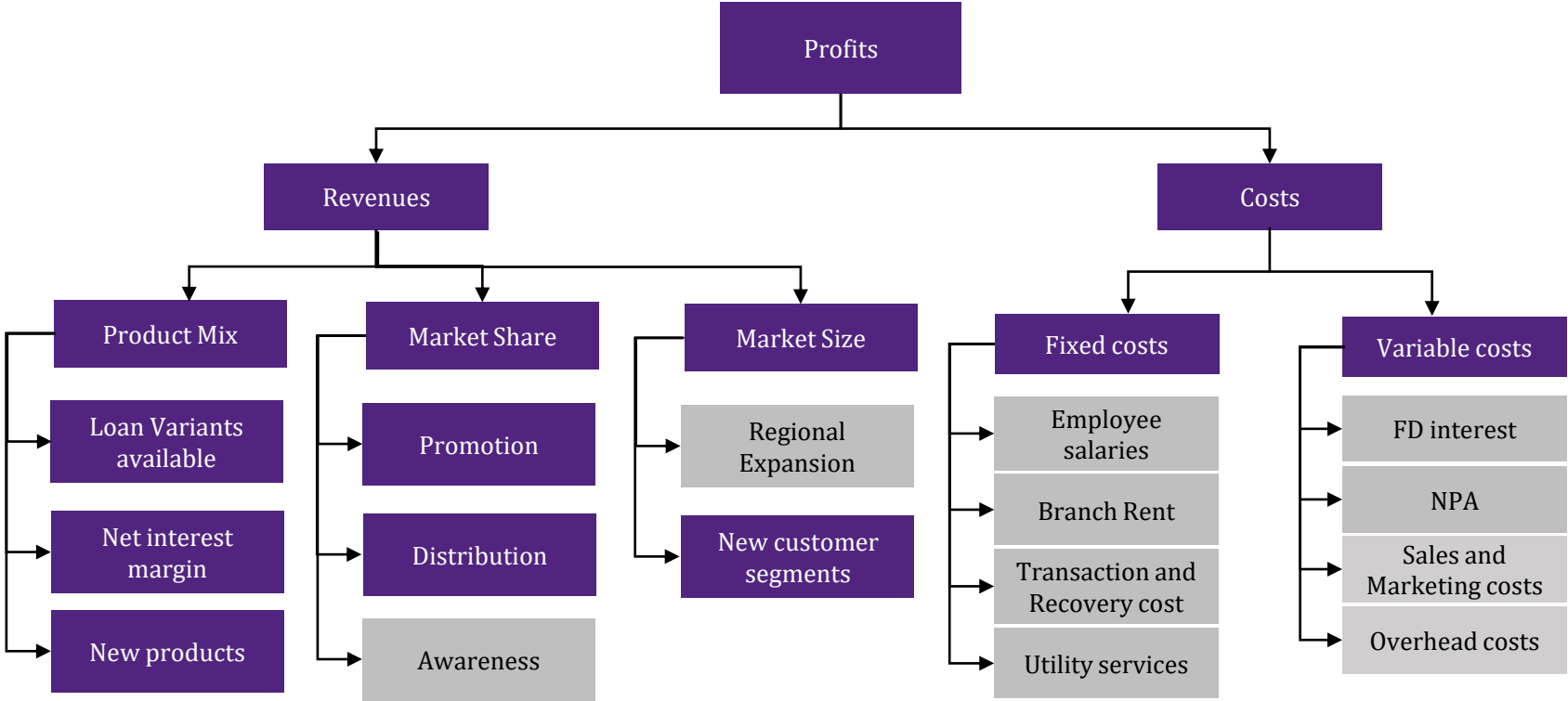
I: Okay! That would be all. We can stop the case here.

# Community Bank – Case Structure

**Problem:** Your client is a small community bank and they want to increase their profitability. How will you go about it?

Problem Scoping			
Objective	Increase the profitability	Location	Rural areas
Products	FD and Loans	Customer	Agriculture practitioners

Notes
Two products: FD has 3 variants: 3 months, 1 year and 2 years at 3%, 4% and 5% interest. Loan has three variants: 3 months, 1 year and 2 years at 5%, 6% and 7% interest.
Net interest margin = Interest rate of (Loan – FD )



**Key Insights:**

- The candidate was able to identify various costs and revenue buckets by asking the right questions
- The candidate should have asked more scoping questions to get the clear picture of demand and also the competition in the industry
- The candidate could have performed industry benchmarking for Loan and FD interest rates to support his/her recommendation of increasing the rates

## Ice-Cream Brand – Transcript

**Problem:** Magnum has recently launched its product in Chennai and the sales have not been as expected. Find out the possible reasons and suggest recommendations.

I will reiterate to check if I have understood the client's situation. Magnum has recently launched its product in Chennai and the sales have been below expectations. I need to find out the possible reasons and come up with recommendations. Are there any other objectives?

I: No.

Can you tell me something about the product, and the target customer?

I: Good question. The product is an ice-cream bar. It is targeted at the rich and upper middle class.

Apart from Chennai, where is the product being sold? And is the trend same in those markets?

I: It has been launched in Delhi-NCR and Mumbai. The product has been launched in Chennai, owing to its huge sales in these cities. The low sales issue is there only in Chennai.

At which price point is the product sold? Is it positioned at a premium like Baskin-Robbins or competitive price like Amul and Arun?

I: The product is priced somewhere between these 2 categories.

Was there sufficient promotion before and after the launch of the product?

I: Yes, we used celebrity promotion just like how we did in the other 2 cities.

What are the channels through which it is sold in Chennai?

I: A huge chunk of revenue comes through the sales in supermarkets. Next to that, multiplexes are the biggest source of revenue. Some street end shops also sell our product.

Is there any particular channel where the sales is very low or is the sales low across all channels?

Multiplexes sales are fine. Other two channels are not performing well.

We should conduct interviews and focus group discussions to understand if there is any change in the buying behaviour of the customers buying supermarkets and street-end shops, when compared to the other cities.

I: Yes, a similar activity was conducted, and it has been found that Chennai is hotter than the other 2 cities and hence, Magnum melts faster, when compared to other brands sold here, causing inconvenience for the customers. Suggest some recommendations.

I'd like to clarify a few things before I recommend. I'd like to know how the product is packaged. I assume ice-creams of all the brands are stored in common freezers. The issue of melting is therefore associated with the product characteristics. Is that a fair assumption?

I: The assumption is fair. The product is packaged in a foil laminates. What are your recommendations for the short term?

There are three ways we can delay the melting in the short-term:

- Store the ice-creams at a lower temperature
- Change the packaging of the product
- Increase the thickness of the outer layer of the bar

I: Interesting. How do you think we can implement them?

The product can be stored at a lower temperature in the existing freezers. But that may make the products of other brands colder than desirable. Our channel partners may not buy into this solution. We could invest in dedicated chest freezers for Magnum. However, retailers may store other products in these freezers, reducing our shelf space.

I: Good points. Can you elaborate the other recommendations?

Sure. The product can have a double layered packaging - the foil laminate pack can be stored inside a cardboard box. Increased insulation will help delay the melting. This should increase per unit cost. Given that we are targeting rich and upper-middle class, price elasticity should be lower than the low-end brands. So margins can be maintained.

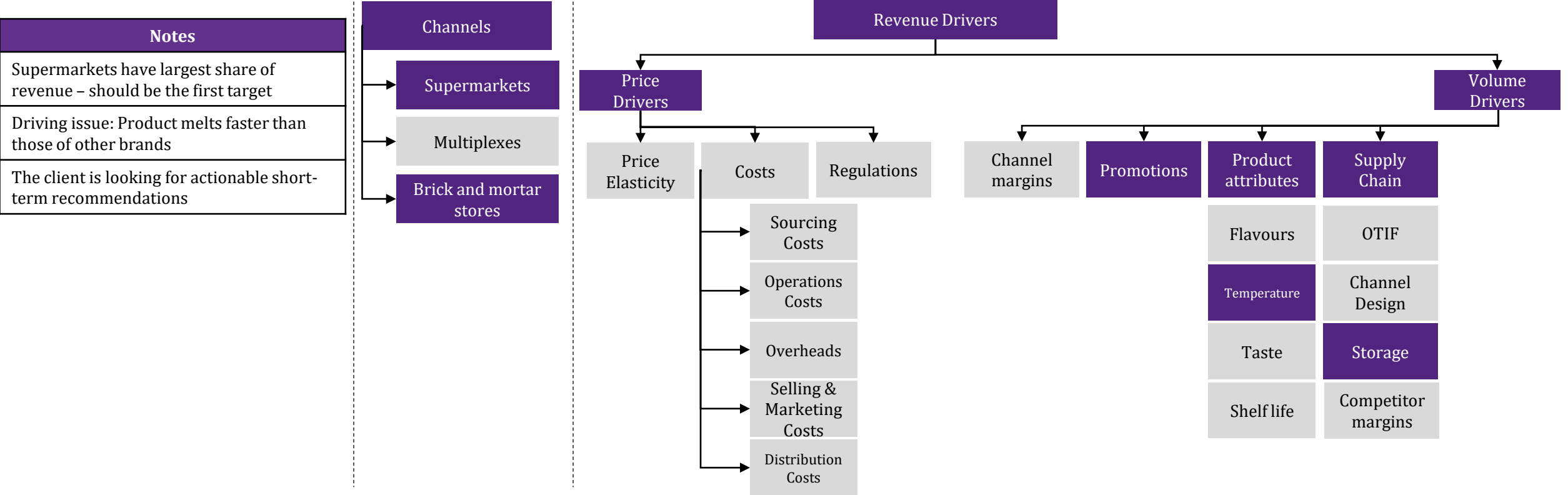
Alternatively, we can adjust the machine settings in the plants supplying to the south markets to increase the thickness of the outer layer of the bar. This would increase insulation to the inner core. The increase in the outer layer material can be adjusted in two ways – by reducing the inner material to maintain original weight, or raising the price to absorb the increase in per unit cost.

I: Thank you for your detailed analysis and recommendations.

Ice-Cream Brand – Case Structure

**Problem:** Magnum has recently launched its product in Chennai and the sales have not been as expected. Find out the possible reasons and suggest recommendations.

Problem Scoping			
Case Objective	Reasons for lower Magnum sales in Chennai and recommendations	Product	Ice-cream bars
Target Segment	Rich and upper middle class	Pricing	Priced between premium and low-end brands



- Key Insights**
- The candidate could have focussed on what drives the problem in supermarkets and street end shops (Possible factors: consumption pattern – immediate or delayed)
  - Assumptions were clarified before making recommendations – this is a good practice. It ensures recommendations are relevant to the client’s business
  - The candidate backed the recommendations with pros and cons

## Pizza Chain – Transcript

**Problem:** Our client is the largest pizza chain in India but is facing the issue of decrease in profitability. What could be the cause and how to solve this issue.

The client is a large pizza chain in India and is facing a profitability issue. We need to identify the cause and solution for this problem. Is there anything else to be consider?

I: No, profitability is the only issue. For example, last year it had 20% profits, this year it has 15% profits.

Okay, is this issue of profitability with our client only or with the whole industry?

I: No, the issue is with our client only.

So where in India is this chain present?

I: As I mentioned earlier, it is the largest in the country and has its presence across India.

Okay! What is its market share and are its products different from competitors?

I: It has 50% of the market share and gives more or less the same products as its competitors.

Okay, shall I take a minute to collect my thoughts?

I: Yes please.

I would like to understand how the revenues and costs of the client have changed over the last year. I would first look at costs.

I: Sure.

The costs involved can be of two components, fixed cost and variable cost. Fixed cost would consist of cost of kitchen equipment, employee salaries, and rent. Variable costs include cost of food ingredients, labor, maintenance cost and overheads. Have we seen any increase in these costs over the last year?

I: No, these costs have been the same. There is a standard process where each store receives the raw material from the warehouse and the workers at the store just mix these items and bake them.

Assuming that all the costs associated with the working of the store remains same as last year, the problem lies on the revenue side. Am I right?

I: May be, go ahead.

Sure. Revenue can be further broken down as price of each pizza and number of pizzas sold. Have we revised our prices since last year?

I: We tend to increase the price by 2-4% each year. And this is what we did this year too, but the issue of profitability has been observed only this year.

This seems interesting. Other thing which can lead to reduction in the revenue is the decrease in volume of goods sold. Is that the case here?

I: Can you elaborate on the ways that the volume of sales can decline?

It can decline due to two reasons. Either the number of customers coming to a store has decreased or the average order size by each customer has declined, or both.

I: Number of customers has declined. Why do you think that has happened?

The possible reasons I can think of are: increasing health awareness among customers, decline in the quality of pizzas, change in our ingredient, limited variety in the menu as compared to the competitors, reduction in average pizza size, and high employee attrition rate which might hamper the taste of pizzas as it takes time for a new employee to perfect the recipe. Have we seen any such changes?

I: No, these have remained the same. The employees use the right proportion of the ingredients. The process of making and baking is straightforward.

In that case, does the chain seek customer feedback? If yes, how have the ratings been?

I: Good question. We ask the customer to rate us on different parameters on the scale of 1-10. And we have got poor rating on the parameter “Value for Money”.

Since we have not been performing well in terms of “Value for Money”, we need to dig deeper into the factors causing this. Has the economy seen recession or inflation where the prices have increased but not the income levels?

I: No, the economy as a whole is doing fine.

Have our competitors changed their menu or increased the quantity of pizza offered per plate?

I: No, the competitors’ menu and our menu is the same.

## Pizza Chain – Transcript cont.

**Problem:** Our client is the largest pizza chain in India but is facing the issue of decrease in profitability. What could be the cause and how to solve this issue.

Alright then. Is there is an issue with the “value” we are offering?

I: No, not exactly an issue with our value offering.

Does the competitor offer other fast food items in addition to pizza?

I: Yes, some of them offer burgers and fries in addition to pizza.

How have the sales of those items been? Are there any other fast food outlets where the sale has increased apart from our competitors?

I: The sales of burgers and fries in the competitor’s menus have increased in the recent past. There is also an increase in the popularity of burger outlets.

Okay, is it fair to assume that the customer is valuing burgers more than a pizza?

I: You’re right. The issue here is that the customers think 1 pizza is equivalent to 6 burgers. They quantify them in absolute numbers and see burger as worthier of the amount they spend than pizza. So, what do you recommend to this pizza chain?

I could think of a few changes that the client can make. They could change the menu by adding more varieties of pizzas or add burgers, fries and other fast food items to the menu. The second option could be to reduce the size of the pizzas and match the serving of a burger.

I: What else would you recommend?

The chain can also target customers in other areas where customers value pizza more than a burger. Onboarding the chain on an online food delivery platform would enable the client to reach to these customers.

Good suggestions. Thank you.

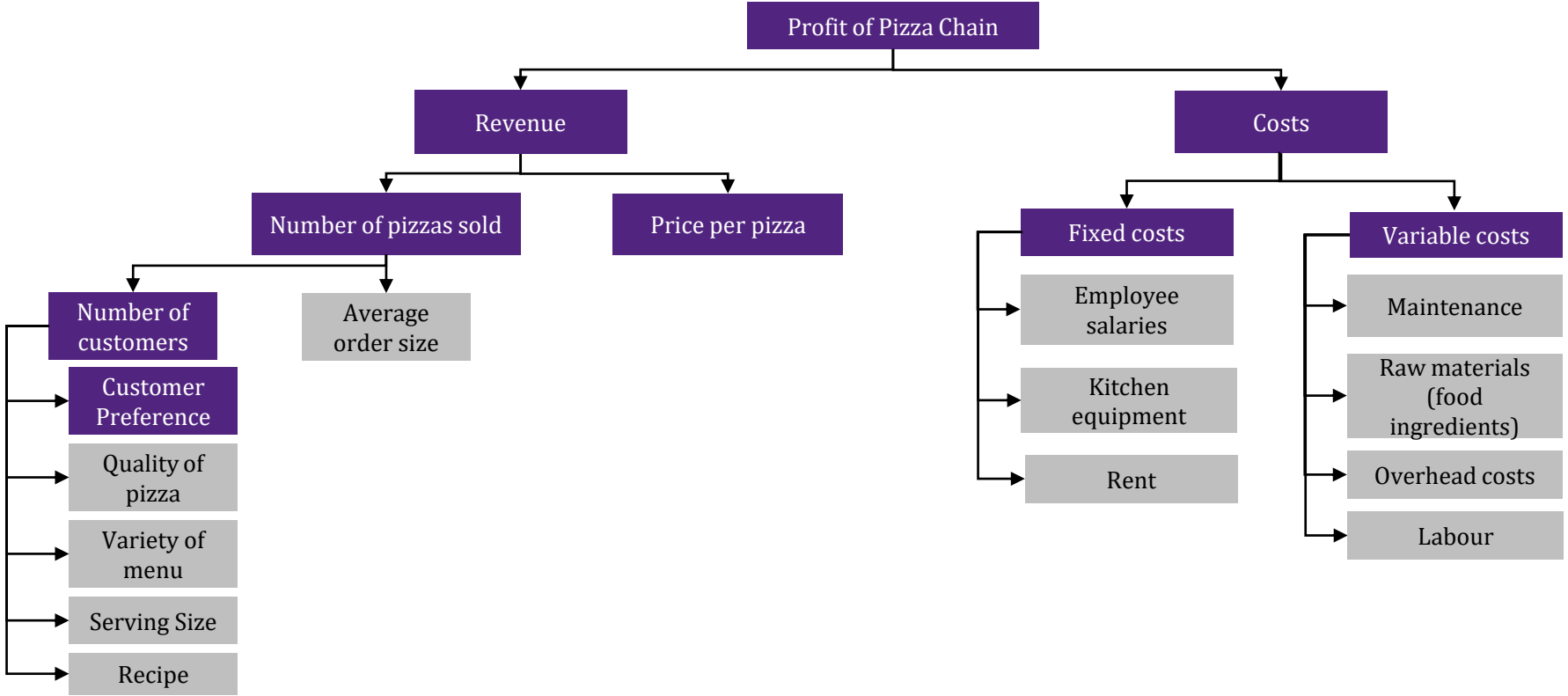


Pizza Chain – Case Structure

**Problem:** Our client is the largest pizza chain in India but is facing the issue of decrease in profitability. What could be the cause and how to solve this issue.

Problem Scoping			
Objective	Analyse reasons for decline in profitability and recommend solutions	Location	Across India
Target Segment	Fast food eaters	Timeline	Profit has declined over the last year

Notes
Prices increased by 2-4% every year, but profitability issue faced only since the last year
“Value for money” has two components: value offering for the quantity of the item sold and customer’s perceived value of the item



Key Insights

- The candidate could have asked scoping questions on whether the decrease in profitability is across all chains or in specific regions and types of food served apart from pizza
- The candidate should have clarified details on the client’s customer base and the model of operation to find out if it’s a franchise model or single company ownership
- Delving deeper into the competitors in the fast food category rather than focusing only on the competing pizza chains would have led the candidate to the solution faster

## FMCG Conglomerate – Transcript

**Problem:** There is an FMCG conglomerate that has many products. For this case we are focusing on their Iced Tea product in the Indian market. Two years prior they had 98% market share, which is 45% now, and reducing. The business wants to improve its market share without eroding profits.

Please tell me if I have understood the client's problem: The client is an FMCG Conglomerate, facing reduction in market share in their Iced Tea business from 98% to 45% within two years. The client's objective is to increase market share and maintain profits.

I: That's right. Tell me which levers would you look at.

I will start with five aspects. Product, Price, Consumer preference, Access, and Awareness. Am I missing out on any important lever?

I: No. How will you find out the consumer's preferences in taste?

I will hold two tests on a representative sample of customers. One will be a blind test and the other will be a test with the brand names displayed to the candidate. The blind test will reflect the true taste preference and the other test will help us understand the effect of brand on the customer's perception of taste.

I: Okay. Let us assume the product is not differentiated in terms of taste. The product features and quality are at par with the competition.

Is it a price sensitive market. Also, what do we know about the closest competitor?

I: Yes, it is a price sensitive market. The product is priced at Rs. 966 per bottle. The competitor's price is Rs. 874 per bottle. All that we know about the competitor is that they are profitable.

We have a difference in price of Rs. 92 per bottle which could be eroding the market share. We should explore the option of price reduction.

I: That's right, we want to target Rs. 874 per bottle. We also have information about the costs in the current period. Distribution cost is a fixed proportion – 26 percent of the revenue. The raw material costs Rs. 218; variable cost per bottle is Rs. 340; Fixed cost is Rs. 146. What can you conclude?

The total cost per bottle is Rs. 955, which means contribution is Rs. 11 per bottle. We need to consider the costs we can reduce.

I: That's correct. Assume that the client wants to maintain the margin.

That would set our target cost at Rs. 863 per bottle.

I: Yes, now tell me, what could have changed in these two years? Assume zero inflation and no change in labour costs and factors.

The price hasn't changed. Since distribution cost is a fixed proportion, that has remain unchanged. Have we changed the raw materials or seen any change in variable cost during the last two years?

I: Raw materials haven't been changed. The variable cost per unit has been same.

In that case, decline in market share indicates volumes have reduced. Has production level reduced?

I: Good question. The client had to reduce production due to falling demand for its product.

That's reasonable. We can conclude that fixed cost per bottle has increased.

I: You are right. Now tell me what can we do to achieve the target cost of Rs. 863 per bottle?

For a reduced price of Rs. 874, the distribution cost will now be Rs. 227 per bottle. As per our previous assumption, raw material and variable costs will remain same at Rs. 558 per bottle. To achieve the target cost, the fixed cost per bottle should be Rs. 78

I: What should be the sales volume, if the current sales volume is 1.5 million?

The client should sell 2.8 million units  $\{1.5 \text{ Mn} \times (146/78)\}$  to achieve the target fixed cost per unit. That is, 1.3 million additional sales.

I: You are right on the target. Now tell me when will this strategy potentially fail?

There are two possibilities I can think of:

1. If the customer does not buy the additional units, production will have to be reduced again. This is possible if the demand growth is not proportional to the increase in production.
2. If the competitor responds with a lower price. This is possible because they are profitable.

Assume demand will grow. What information do you want to assess the second possibility?

I will need the cost structure of the competitor to understand how much reduction it can afford.

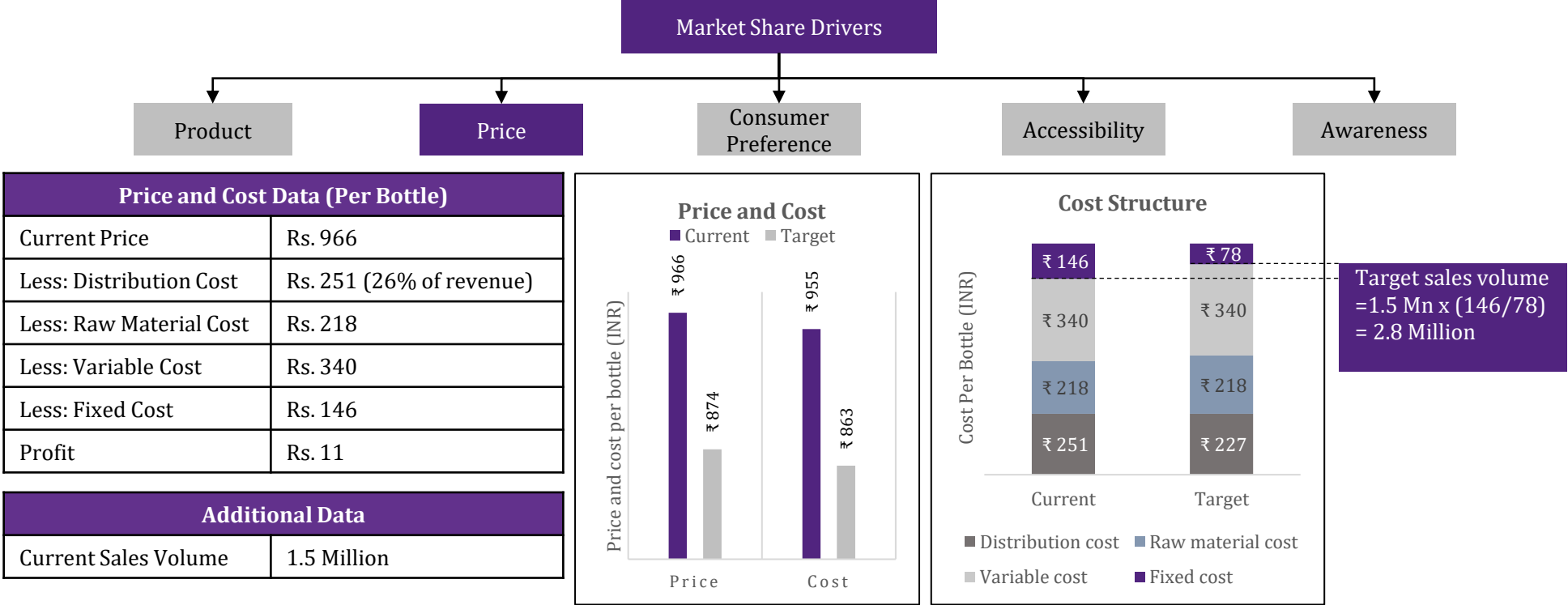
Absolutely. Thank you for your time.

FMCG Conglomerate – Case Structure

**Problem:** There is an FMCG conglomerate that has many products. For this case we are focusing on their Iced Tea product in the Indian market. Two years prior they had 98% market share, which is 45% now, and reducing. The business wants to improve its market share without eroding profits.

Problem Scoping			
Case Objective	Improve market share and maintain profits	Product	Iced Tea (Non differentiated product)
Market	India	Competition	Profitable

Notes
The market is price sensitive
Raw materials cost per bottle and variable cost per bottle have remained unchanged



Key Insights

- The candidate was able to drill down to the core problem early. This was key to cracking the case
- Increase in fixed cost per unit was based on the assumption that the Iced Tea production line was not utilised for any other product during the two years. The candidate should have clarified this assumption

Corporate Jet – Transcript

**Problem:** You have been hired by the board of an automobile player in US. You need to evaluate the leasing agreement of a corporate jet that the company has.

I would like to know what is the objective of the board. Also, who uses the corporate jet and what is the purpose of using it?

I: The objective is to save cost. The C-suite guys use it to visit factory and attend meetings across US

What is the capacity of the jet and how long is it leased for generally?

I: It's a 12-seater jet and is generally leased for a year

Okay. There are 3 options associated with the jet that I would like to explore:

1. Keep the jet – New Vendors or Current Vendor. Which further has 3 options:
  - a. renew lease as-is
  - b. longer term lease
  - c. lease a smaller jet
2. Own a jet
3. Let it go entirely

The parameters I would like to consider are cost, convenience, risks/agency costs

I: Owning a jet is not an option, and we would like to stick to our current vendor as they are the best. You can focus majorly on the costs associated with all the options

Could you please provide me with a breakup of the leasing, fuel and other miscellaneous costs?

I: Here is a breakup of current costs. Leasing cost is \$1.5 Million, Fuel/Maintenance/Crew etc is \$0.5 Million, and so total cost currently is \$2 Million. You may start evaluating each of the options as suggested by you

Would our current vendor offer us any benefits if we go for a longer-term lease?

I: Savings 5% for 2-year lease, 10% for 3-year lease, 20% for 4-year lease.

Hence, I believe the maximum savings possible =  $20\% \times 1.5 \text{ Million} = \$0.3 \text{ Million p.a.}$

I would also like to evaluate the option of leasing a smaller jet. The factors I would consider here are: Capacity, cost of lease, #CXOs per meeting on average, distance - jets can only fly a certain distance. Could you tell me the average distance that needs to be covered, number of people travelling and cost of lease of the different sized jets available?

I: Distance element is irrelevant here. Smallest jet had a capacity of 4 people, medium 5-8, and large 9-12.

What are the total no. of trips made in a year by the jet and the no. of people travelling in these trips?

I: Total 200 trips, 20% trips were taken by <4 people, 60% by 4-7 people, 20% by 7+ people.

So It seems that a medium sized jet of capacity 8 could suffice, as 80%+ times we have less than 8 CXOs travelling. What would be the leasing cost of the medium sized jet?

I: The leasing cost of the medium sized jet is \$1 Million

Assuming that the fuel consumption would remain the same i.e. \$0.5 Million, this would lead to cost savings of \$0.5 Million p.a. Also, if we club with the option of going for a longer-term lease of 3-4 years, it will lead to further savings of 10-20%.

I would like to evaluate the option of doing away with the jet. The costs would be of business class tickets for the CXOs to fly them to and fro the meetings. What would be the average ticket costs for the respective meeting destinations?

I:

Meeting destination	To & fro cost of flight	Number of trips	Average passengers
Philadelphia	\$1200	100	5
NYC	\$600	50	5
Cleveland	\$1400	50	5

Philadelphia -  $\$1200 \times 100 \text{ trips} \times 5 \text{ people} = \$600,000$

NYC -  $\$600 \times 50 \text{ trips} \times 5 \text{ people} = \$150,000$

Cleveland -  $\$1400 \times 50 \text{ trips} \times 5 \text{ people} = \$350,000$

Total cost = \$1.1 Million

Savings =  $\$2\text{Mn} - \$1.1 \text{ Million} = \$0.9 \text{ Million}$

What is the size of the company in terms of turnover?

I: It is a \$20 Billion company

I would hence recommend to not do away with the corporate jet and rather go for a medium sized jet lease over a longer period say 4 years – this is resulting in 20% cost savings on the leasing cost

I: Why not do away with the jet as the cost saving seems higher?

I would recommend keeping the jet since risks associated with doing away were larger - CXO morale, employees may think that the company is on cost cutting mode and may get worried about their own jobs, it may send a negative signal to the market, etc.

I: Okay thanks!

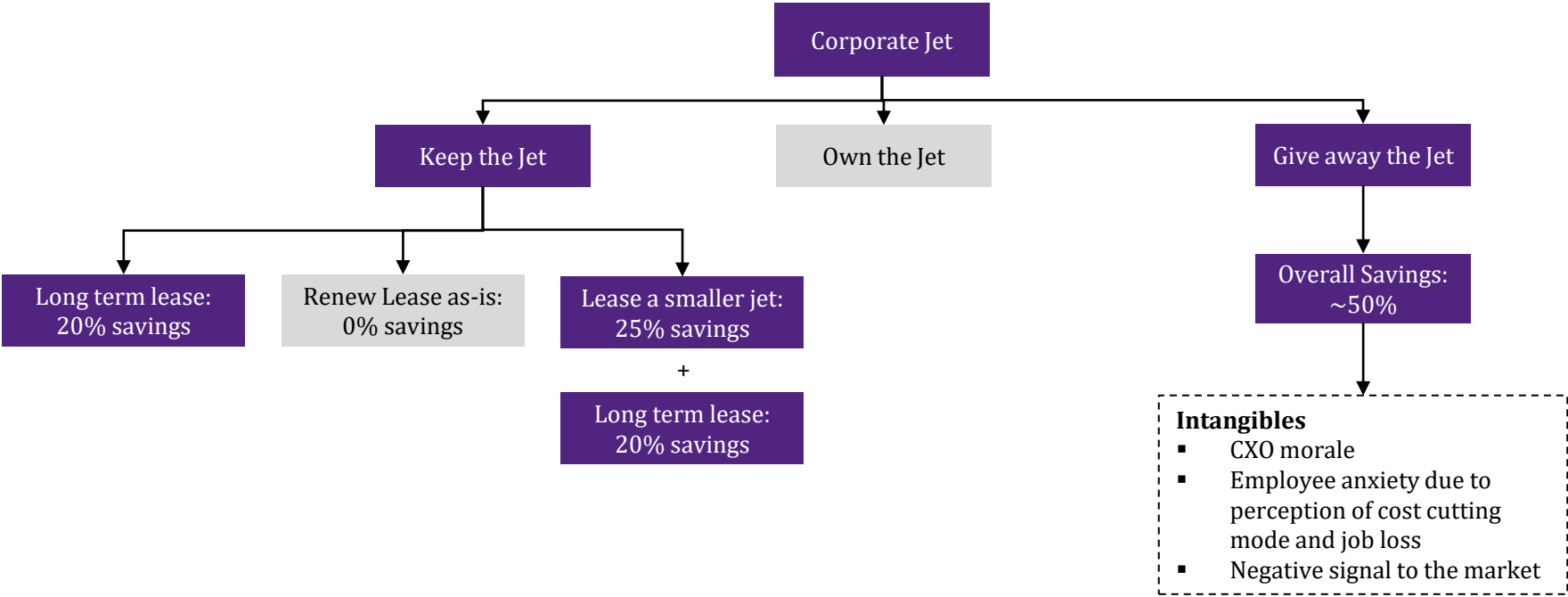
# Corporate Jet – Case Structure

**Problem:** You have been hired by the board of an automobile player in US. You need to evaluate the leasing agreement of a corporate jet that the company has.

Problem Scoping			
Objective	Save cost on corporate jet	Location	USA
Use of corporate jet	C-Suite members use to visit factories and attend meetings across USA	Capacity of current jet	12 seater jet

Notes

Total Cost of tickets = Round trip ticket cost per passenger x Average number of passengers x Total number of trips



## Key Insights

- The candidate scoped the case very well
- Analysis and number crunching were excellently done
- Consideration of intangibles, i.e. peoples aspect of the organization, gave additional brownie points to the candidate

# Cement Manufacturer – Transcript

**Problem:** The client a cement manufacturing company in India facing decline in profits. Advise the client.

Just to clarify, the client is a cement manufacturer in India, facing a decrease in its profits. Is there any other objective that needs to be considered?

I: No, this is the only issue.

Okay. How is the industry performing? Is this issue specific to the client?

I: Only the client is facing this problem.

How many manufacturing units does the client have? Is the profitability issue seen in all these units?

I: They have four manufacturing units in East India: West Bengal, Bihar, Orissa and Jharkhand. Declining profits is an overall problem.

Since our profits are declining, it should be either due to the increasing costs or decreasing revenues, or both. Do we have any data on which of the two is the problem?

I: Let's go through both of them.

I shall start with cost. Is that okay?

I: Please go ahead.

Before I begin, I would like to understand how cement is manufactured.

I: Sure. The raw materials required are limestone and coal. The mix is heated in a furnace, churned, cooled and you get cement. Then it is packaged into bags and sent out. For now, concentrate on this part of the value chain.

Okay. The raw material you mentioned were limestone and coal. How do we source these?

I: Limestone is sourced from the mines that the company owns. Coal is imported.

Has there been any significant increase in the costs at the limestone mines?

I: No.

Okay. What about coal? Have the import prices risen?

I: The cost of importing coal has increased substantially. Go on to the next part of the value chain.

So the cost of importing coal has increased. Moving on to logistics, how are the cement bags transported and where are they taken?

I: The mode of transport is roadways. Packaged cement is transported in trucks from the manufacturing units to various depots situated in the East region.

Do we own these trucks?

I: No. We have a third party transporter who provides us with the required fleet of trucks.

Alright. Do we have a contract with them? Has there been an increase in their freight rates?

I: No such increase has been observed.

So, there are three things that can lead to an increase in transportation cost: fuel related costs, driver related costs and roads related cost. Has there been a surge in fuel prices?

I: No, but there is an increasing cost that we are incurring due to fuel.

Okay, is that due to excess usage?

I: Yes. Why do you think there can be excess usage?

That can happen when the trucks are covering longer distances. I'm assuming the transporter hasn't shifted to longer routes. Have the depots been shifted to farther locations?

I: No. Think of something else that might have happened due to which the routes are longer now.

Are the usual routes under repair due to which the trucks are forced to take longer routes?

I: That's not the case. We have four depots, two of which are running under capacity due to a major failure in machines.

That is a problem. To meet the demand, the trucks are making extra rounds? Or maybe, they have to get the supply from other two units to fulfil the demand, leading to longer routes.

I: Precisely. They are filling up supplies from the other two units to fulfil demands. Hence routes have become longer. Can you summarize your findings?

## Cement Manufacturer – Transcript cont.

**Problem:** The client a cement manufacturing company in India facing decline in profits. Help the client.

Sure. The client's costs are increasing due to two reasons. First is the increased cost of imported coal and second is the excess fuel costs due to the longer routes being travelled by the trucks.

I: Do you have any recommendations?

My recommendations for the case are for the client to look at options of sourcing coal from facilities within the country so as to avoid the increasing importing prices. However, the grade and quality of coal should be unaffected.

As for the excess fuel charges, they could redesign the network since there is a fall in supply at two units, so that the trucks travel at an optimum level. This could be done using network optimizing techniques like Transportation Modelling. They should also repair the machines which have failed in the two units to get them up and running at the soonest. Preemptive maintenance would help tackle such issues early on.

I: Thank you.

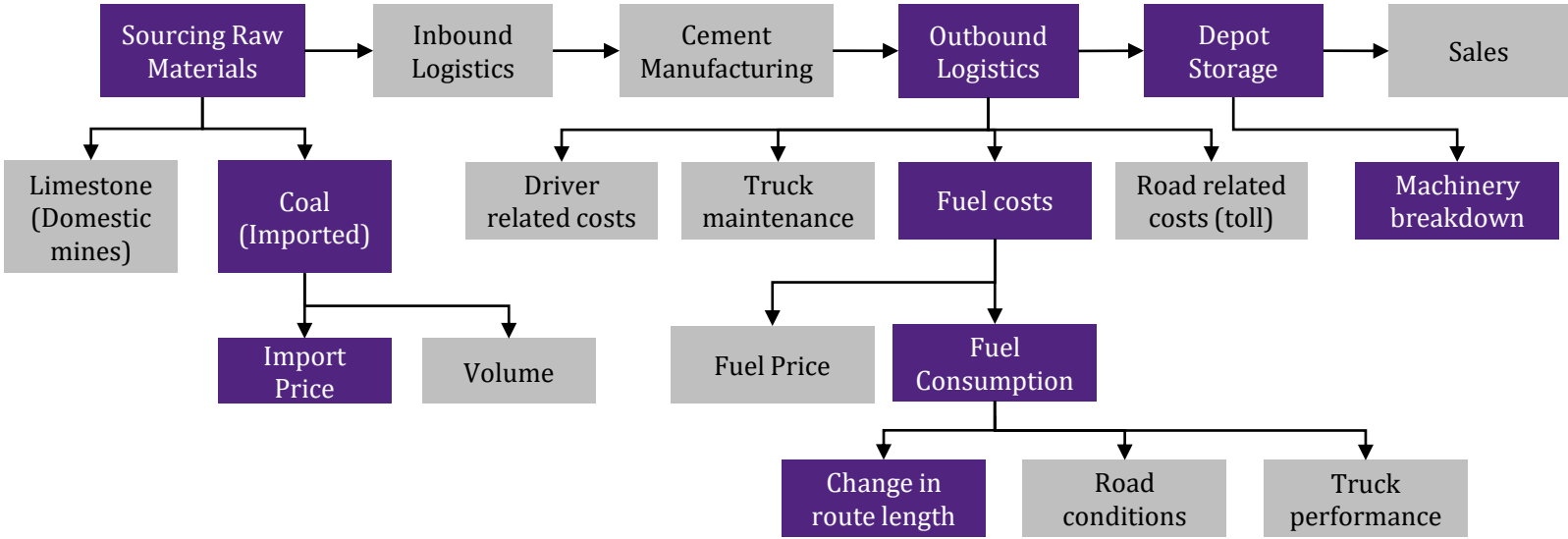


# Cement Manufacturer – Case Structure

**Problem:** The client a cement manufacturing company in India facing decline in profits. Help the client.

Problem Scoping		
Objective	Analyse reasons for decrease in profit	Location East India

Notes
The client has four manufacturing units in East India: West Bengal, Bihar, Orissa and Jharkhand
The client owns the limestone mines, while coal is imported
The truck routes used for distribution have become longer due to the need for re-routing supply to fulfil demand



### Key Insights

- The candidate clearly articulated assumptions and factors under each component of the value chain, which shows a structured approach
- The candidate could have clarified whether the client’s distribution network is pan India or restricted to a region to gauge transportation related costs
- The candidate could have delved deeper into the reasons for importing coal. It could be because of coal prices in India or availability of a certain grade of coal for cement manufacturing

## Furniture Company – Transcript

**Problem:** There is a furniture company whose profits have been declining for past few years. Analyze the issue and advise the company.

I want to start by asking a few clarifying questions. Where is the company based. Who are its customers?

I: It is based in India. Its customers are commercial businesses and high end individuals.

Okay, can you tell me about the products the company offers and the revenue share of these products? What is the revenue share across the two customer segments?

I: The company offers four products. One of them, the color coated furniture, earns the highest revenue. Just concentrate on that. Commercial businesses have the major share of revenue.

Is declining profits an industry-wide issue or specific to our client?

I: It is not an industry wide issue.

Okay. What does the competition in the market look like?

I: The market is pretty competitive. There are 5 major competitors having about 10-12% market share each. The client holds 10% market share.

Can I take a minute to structure my thoughts?

I: Sure!

I will break the problem into revenue and costs. I would like to start with revenue. Can I assume that furniture sales is the only revenue stream?

I: You can go ahead with that assumption.

Revenue can further be divided into Price, Volume and Product mix. Do we have the trends in Price and Volume?

I: Our prices are falling, as our competitors have decreased their prices, and the market is price sensitive. Aggregate volume is nearly the same.

So we can say that our revenues are declining due to decrease in prices. But the prices of our competitors have fallen as well. This means that they have lowered their costs more than us. Is my assumption correct?

I: Yes it is.

I want to know the product mix for the colour coated furniture i.e. the variants offered and also the associated revenue share.

I: Good question! There are 60 colour variants. 10 regular colors account for 80% of the revenues. 20 colors account for 10%, and 30 colors account for the remaining 10%.

What about our competitors? How many colour variants do they offer?

I: Competitors offer only 10 colour variants. The client was providing the same 10 colors that the competition provides until 3 years back, when the client introduced 50 new colors.

Thank you. With that information, I'd now like to analyze the cost side.

I: Sure!

The value chain would be raw materials, processing (and manufacturing), Storage and Transportation, Distribution, Marketing and Post-sales service, if any. Is there anything I left out?

I: This is comprehensive enough. Go ahead.

Let us look at the individual costs. Could you tell me something about the raw materials for the 60 colors? Where are they sourced from? Where are the competitors sourcing them from?

I: The client sources raw materials from an Indian supplier which has a lead time of 4 weeks. The competition sources it from Malaysia which has a lead time of 4 months.

Is there any difference between Indian and Malaysian suppliers in terms of cost and quality?

I: The price offered by Malaysian suppliers is 20% less than that of Indian suppliers.

## Furniture Company – Transcript cont.

**Problem:** There is a furniture company whose profits have been declining for past few years. Analyze the issue and advise the company.

Why doesn't our client source raw materials from Malaysia?

I: Our client wants lower lead times, but we have a large inventory.

That seems to be the root cause of low profit/unit. The new colors added to the portfolio account for only 20% of the sales, but adds up significant raw material and finished goods inventory due to the wide SKU variety. There seems to be an inventory problem which the client needs to solve.

I: That's correct. How do you think the client can resolve the inventory issue?

One option could be to reduce the number of colour variants and increase them only once the company achieves the economy of scale. That would reduce the inventory carrying cost.

Another option could be for the client to charge a higher price for the longtail colors that the client is offering. As these colors are not offered by the rest of the companies, the client should explore the option of pricing these variants at a premium.

The client should also consider sourcing the raw material for the 10 colors from Malaysia and source the raw material for the remaining colours from the Indian supplier. As the demand for the 10 colors is more or less known, the client could optimize the purchase and inventory better and reduce costs.

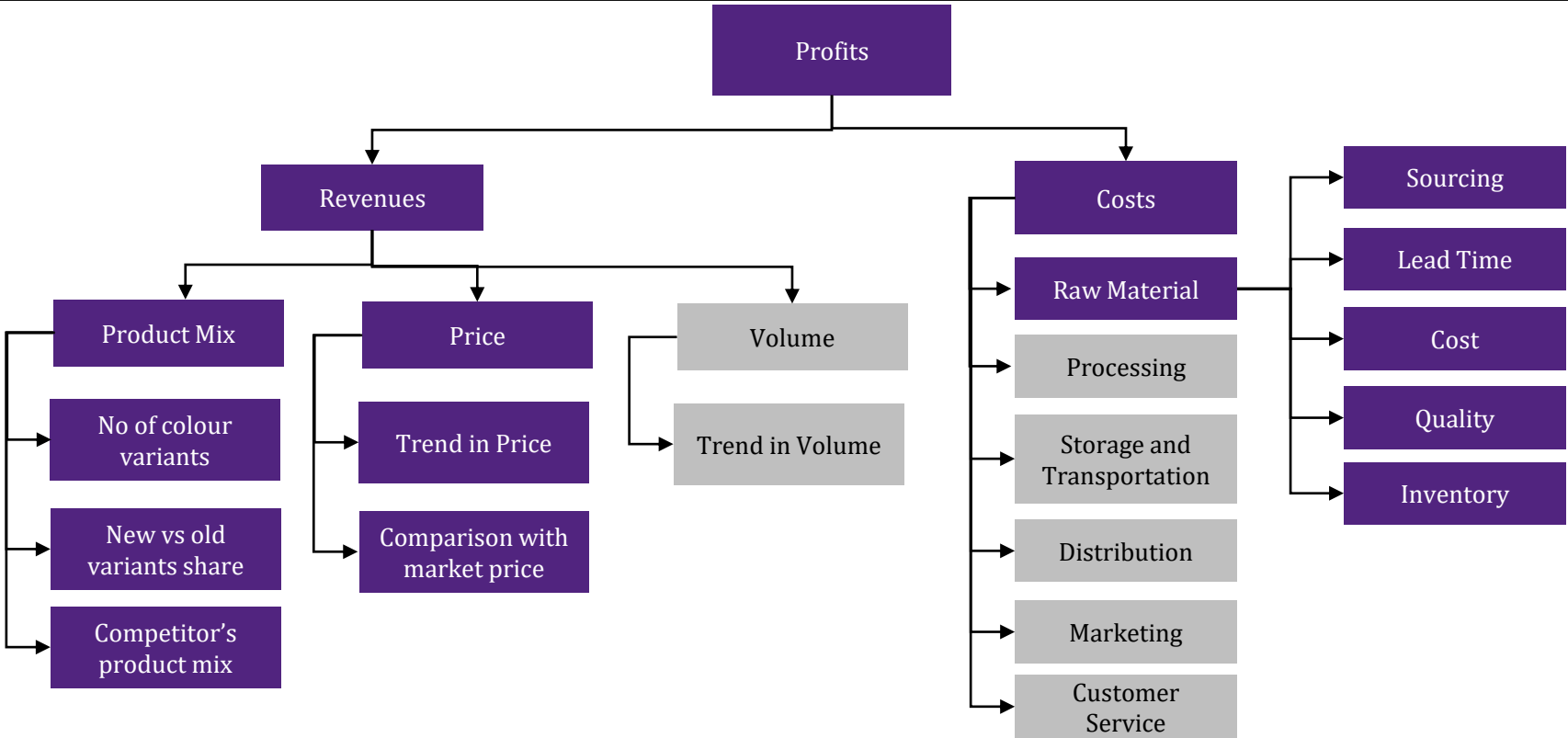
I: Good. We have covered most of the points and we can stop here. Thank you.

# Furniture Company – Case Structure

**Problem:** There is a furniture company whose profits have been declining for past few years. Analyze the issue and advise the company.

Problem Scoping			
Objective	To identify and analyse the reasons of declining profits	Location	India
Business	B2B	Market and Competition	Price sensitive market, fragmented competition – 5 major players

Notes
Four Products; Color coated furniture, earns the highest revenue
Prices are declining, client's costs are high compared to its competitors
60 colour variants, only 10 contribute to 80% revenues
Low lead times but high raw material inventory



## Key Insights

- The candidate stated and clarified the assumptions at every step
- The candidate probed the client's issues using open-ended questions and challenged status quo. For e.g., asking why the client doesn't source from Malaysia was the key here
- The candidate approached the problem in a very structured manner and scoped the problem well initially, which helped in quick drill-down.

## European Paper Cup Manufacturer - Transcript

**Problem:** Your client is a paper cup manufacturer based in Europe. It is affected by a stagnant market share. The client wants you to identify the problem and give your recommendations to grow its market share.

I would like to understand the context first. A few clarifying questions. What is the industry growth trend? What is the competitive landscape, and are we looking at the entire European market? Who are our customers? Any timeline that the client has in sight to address the problem?

I: The industry is growing at 3-4%. There are 4 competitors. One of them has 50% market share. The others have around 10%. The client wants to grow its market share in 1 year. Let's focus on one country- Germany. I want you to guess who our customers could be.

Thank you, that helps. I can see that our client has not been able to grow ahead of the industry. So the client's revenue has grown by 3-4%. The major competitor's market share looks interesting, I would like to look at that as we go ahead. Please let me know if I've understood the client's problem – our client is a paper cup manufacturer in Germany. It wants to increase its stagnating market share in 1 year. Is there any other objective the client wants to achieve?

I: No. You may go ahead with your analysis.

Before I do that, I would like to understand who our customers are.

I: Sure. What do you think?

Our customers can be of two kinds. They can be general retail outlets or commercial customers like corporate offices and beverage retail chains.

I: Correct. A major share of our revenue comes from MSME offices. The client hasn't been able to grow in this segment. You can focus on this.

We will look at three metrics that can affect the client's market share. Awareness of the product, Likeability of the cups, and Accessibility of the product. In Awareness, we will analyse the client's marketing strategy. In product, I would like to explore the price, product mix, ergonomics and quality. We will then look at the client's distribution model to analyse accessibility. On the awareness side, should I assume that our client's product is not differentiated?

I: Why do you ask that?

If that's the case, then the awareness of our cups will not be a differentiating factor given that we are at par with our competitor.

I: Right. You may analyse likeability.

I would like to understand the Product mix, Price, Quality, Storage, Ergonomics, Disposability. What type of paper cups does the manufacture?

I: What do you think?

A major chunk of the client's sales is in the commercial segment. The product portfolio could have two varieties - insulated coffee cups with sippers and non-insulated paper cups for other beverages. Do we sell both these types to the MSMEs?

I: Only the second type.

Do we manufacture cups of multiple sizes to cater to different use cases?

I: Yes, we do. We are also at par with customers on all other aspects of the product. But I want you look at ergonomics.

I want to understand the design of the cups and see if that meets the needs of the customer and end-user at every touchpoint. For the customer using dispensers, the cups should be easily stackable, usable, and disposable. For the end consumer, aspects like firmness of the cup, comfort, heat insulation are important factors. Is any part of our product design affecting these?

I: No. You see, there is not really much of a problem with our product. The problem is, our competitor had entered the market way before us, and hence, has a significant share. We are a relatively new player. So how can we grow our share in the MSME segment?

For that, it is important to identify the needs of the MSME companies. Based on my understanding, they are primarily looking for lower prices and order sizes customized to their usage levels.

I: That's correct. How can we add value to these customers? Please recommend.

I have three recommendations:

1. The client may source cheaper raw materials for the MSME clients, and pass on the savings to the customers.
2. The client may also explore a new design to reduce the thickness of the rim of the cups. This would reduce material cost per cup and enable the customers to stack more cups on the dispensers.

I: That's a great idea. Okay, we are done. Thank you.

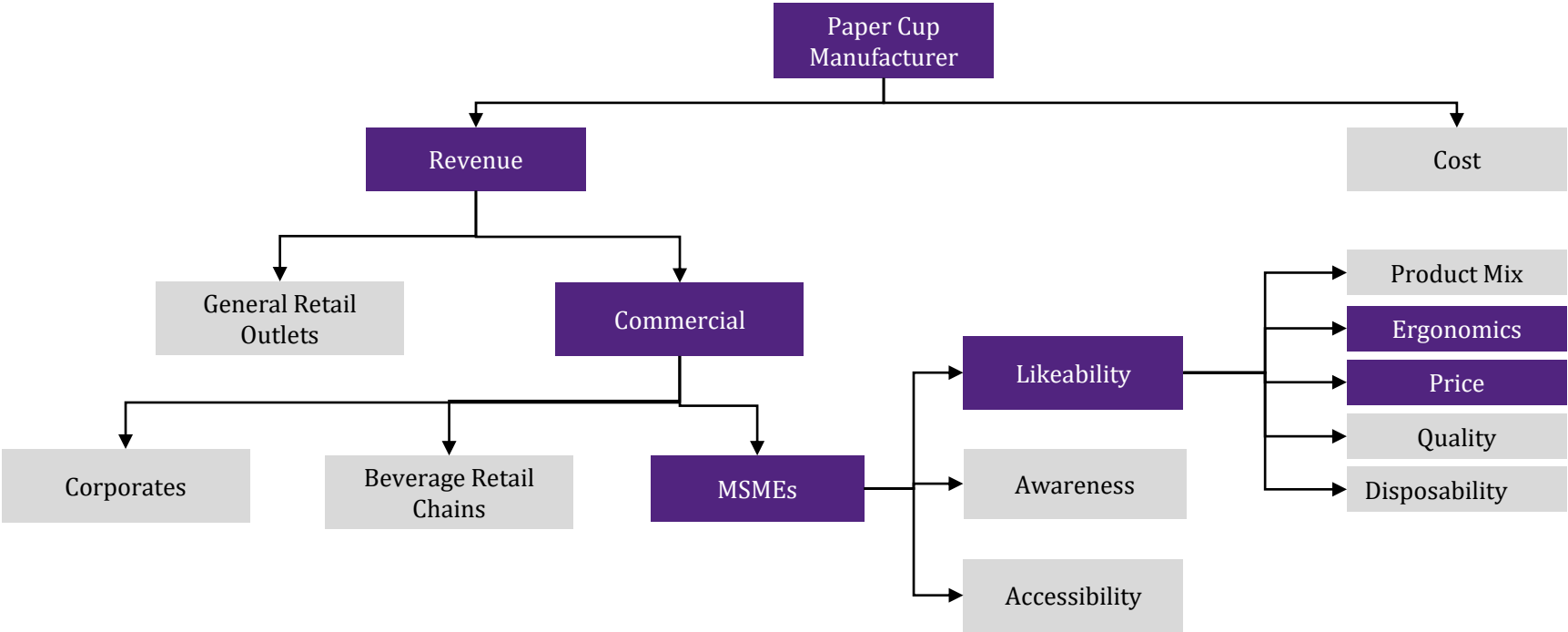


# European Paper Cup Manufacturer – Case Structure

**Problem:** Your client is a paper cup manufacturer based in Europe. It is affected by a stagnant market share. The client wants you to identify the problem and give your recommendations to grow its market share.

Problem Scoping			
Objective	Increase market share in 1 year	Location	Germany, Europe
Industry Growth Rate	3-4%	Competitors	4 competitors (major competitor – 50% share, others -10% share each)

Notes
Two revenue sources: 1. Commercial (Corporate offices, beverage retail chains, MSMEs) 2. General retail outlets
Client is a new player in the market



## Key Insights

- Extensive scoping helped the candidate identify the affected segment early into the case
- There was no problem with the existing product. This was an important clue in the case. The problem was external to the client.

# Indian Paper Cup Manufacturer – Transcript

**Problem:** Our client is a paper cup manufacturer in India. Its profits have been declining over the last 3 years. Could you tell us why? What can be done to recover the losses?

Just to reiterate, the client is a paper cup manufacturer who has been facing profitability issues for 3 years. We need to identify the problem and recommend ways to recover. Is there any other objective that I need to consider?

I: No, this is right.

I'll begin with some questions on the company and the industry. Could you give me some details on the client's market share, location and product portfolio?

I: Sure, the client has 20% market share with 3 plants in India but distributes their products across the country. Paper cups generate the highest revenue for the client, so we shall stick to that.

Okay. What kind of customers do they sell to? Is the issue of profitability restricted to the client or is it seen across the industry? What are our competitors' products?

I: The client serves small customers like tea vendors and this issue is faced only by the client. Other small players in the market manufacture similar products to that of the client.

Could you help me with some information on the client's distribution channel?

I: So, the paper cups are manufactured at the plant in 3 locations in India. From the plants, the cups are transported to the warehouse. Each packet has 100 cups. From the warehouse, it goes to the distributors who then sells them to the retailers.

Shall I take a minute to structure my thoughts?

I: Sure, go ahead.

If profits are going down, then either the revenue is decreasing or the costs are increasing, or both. Do we have any details on this or shall I go through both aspects?

I: No, we don't have information. Let's, see as we go ahead.

Since the costs of a manufacturing plant are mostly fixed, I would first like to look at the revenues.

I: Fair enough, carry on.

Revenues can decline due to decline in prices or in volume, or both. Have they revised the prices?

I: No, prices have remained the same.

Since prices have remained the same, they could be facing declining volume of sales. This could be either due to decrease in number of retail clients or decrease in quantity purchased by each retailer, or both. Do we have data which can give us an idea on these trends?

I: No, the sales to the retailers is same. They have been buying our products and are happy with it.

In that case, I would like to look at the cost side.

I: Go ahead.

Costs can be classified as fixed or variable components. Fixed cost would include machine, equipment, rent and employee salaries while variable costs would comprise of wages, maintenance, repair, overheads and raw materials. Have we seen any drastic change in any of the costs above?

I: No, these costs have remained same.

Okay. To dig deeper into it, I would like to go through the value chain of our client and see the issues, if any, at each stage.

I: Please go ahead.

With respect to raw materials, have we changed our suppliers? This might have led to either the change in quality of material or the change in price of inputs.

I: No, the suppliers are same. Prices have been fairly constant.

Is there any issue with the inbound and outbound logistics? I'd like to know if there has been a change in contractor for transportation of material or wear and tear of trucks like low mileage, frequent breakdowns or change of drivers due to which routes might change.

I: No such issues, we have our old drivers who are aware of the routes and the trucks are also repaired at regular intervals.

Okay. We have already covered the costs associated with the manufacturing plant, but have we seen any change of labour or any conflict of interest among the management or issues in communication between the departments?

I: No, the functioning of plant and management is perfect.

## Indian Paper Cup Manufacturer – Transcript cont.

**Problem:** Our client is a paper cup manufacturer in India. Its profits have been declining over the last 3 years. Could you tell us why? What can be done to recover the losses?

In warehousing, what methods are used for storage and picking of finished goods? Are activities like book-keeping being properly managed by the team there?

I: We use FIFO method and the administrative work is fine. There are no issues with it.

In that case, have we changed our distribution channel contract or areas where we supply?

I: No, we haven't.

Okay! Can I take a minute to go through my structure again?

I: Sure, let me know when you are done.

You had mentioned earlier that there is no issue with the retailers buying our products. Just to confirm, are they buying the same quantity of our products as earlier?

I: Yes, same number of packets of paper cups.

I can begin to see that the issue is in between the retailers and end customers. Is that right?

I: Yes, it is.

My hypothesis is, the retailer has our products on the shelf but is not able to sell as the tea vendor now purchases the competitors' products.

I: Yes, that's right.

Are the number of cups in one packet of competitors' same as ours?

I: It's a good thought, but yes, the number of cups in the packets are the same. Think what challenges would a tea vendor face in his day to day working. What would he do early morning before starting his sales?

He would purchase raw materials like milk, sugar, tea and paper cups from the retail store near him.

I: Yes, can you estimate the amount he would spend on each and what is left unused if any?

The amount he would spend would depend on the sales he makes in a day. Say, he sells 150 cups of tea in a day. Accordingly he would purchase the raw materials. But at the end of the day, he would be left with 50 paper cups if he bought 2 packets of paper cups, and other ingredients.

I: Exactly. What would he do with the left-over material?

He would probably use it the next day.

I: Are you sure? Remember, he is a street vendor who sleeps on the roadside and doesn't have a proper place.

Okay, so you mean to say that he might not have the space to store the leftover cups? That makes sense, as he wouldn't have a place of his own where he can store the material on a regular basis.

I: So what do you think the client can do to take care of his unused cups?

The client can set up a buy-back mechanism for the leftover cups at the retailers' end. The retailers could buy-back the leftover cups from the vendors. This would help retailers create loyal customers as vendors would buy the same cups next day. But the issue is, competitors would follow the same strategy and our client may lose the loyal vendors as they will have more options to buy from on the next day.

I: Yes, the risk of competition always lies but we need to make the first move to attract customers.

Yes, I agree with you.

I: Do you have anything else to say?

We can offer the retailer smaller packs of 25 cups. This bulk breaking can be done at the warehouse.

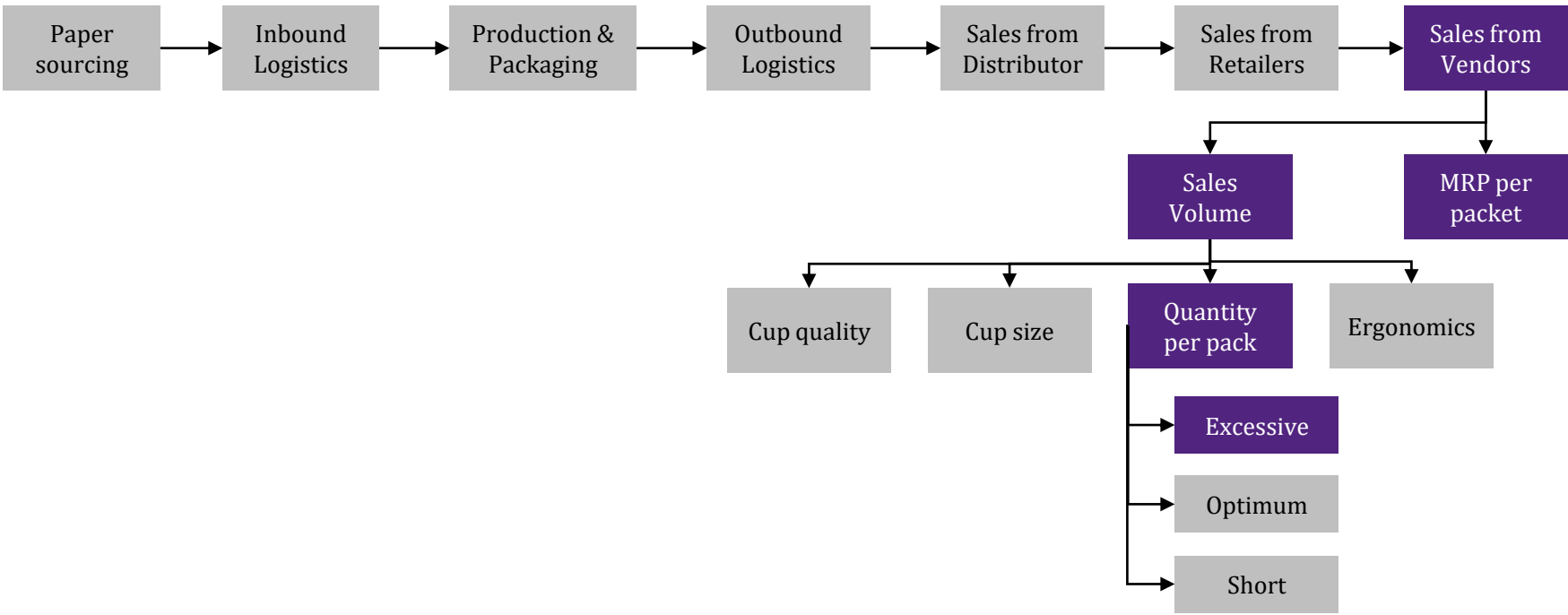
I: That's a good suggestion. Thank you, that will be all.

# Indian Paper Cup Manufacturer – Case Structure

**Problem:** Our client is a paper cup manufacturer in India. Its profits have been declining over the last 3 years. Could you tell us why? What can be done to recover the losses?

Problem Scoping			
Objective	Analyse reasons for declining profits and provide recommendations	Target Segment	Small customers like tea vendors
Company	20% market share; 3 plants in India; pan-India distribution	Competition	Similar products by competitors

Notes
Prices have remained the same.
Cups are packed in sets of 100 before they are sold to distributors.
Key issue lies between the retailers and vendors



## Key Insights

- In order to explore the complete value chain, the candidate could have asked questions on the process from the distributors to retailers and from retailers to the end customers
- The candidate switched from cost-based approach to value chain immediately, which shows quick thinking to arrive at the core issue
- When the candidate could not identify the core issue after the initial analysis, going through the structure again helped.
- The candidate could have clarified whether the retailers sell the packets in the original size or break it down into smaller packets, since it's the usual practice with small shops

**Problem:** Our client's profit is declining for the last 1.5 years. They have come to us for a solution. Can you help us solve the case?

Sure. Could you please tell me more about the client's business model and the product lines?

I: The client sells toffees and various chocolate products in Maharashtra. They manufacture it on their own and then sell via distributors to 30 retailers in the state.

Could you also tell me how the overall market is performing? Are our competitors facing the same issue?

I: No, the market is performing well. It has seen a CAGR of 8% in the last 2 years. Our competitors are not facing any similar issue.

I would like to know more about the industry. Is it a fragmented market? If not, how many major competitors do we have?

I: The chocolate industry is not fragmented, there are 5 major players with the market leader having 30% market share.

Alright. Can I learn more about the product line? How many major product lines do we have? Our we facing losses for each one of them?

I: The client has 7 product lines. But it is only 1 product line that has 80% of revenue share. It is a premium product. I would like you to focus on that product line.

Sure. As you stated the company is facing declining profits, I would like to know whether our revenues have declined or our costs have increased or both have happened simultaneously?

I: The costs have increased.

I would like to follow the value chain to identify where the problem lies. Can I take a minute to structure my thoughts?

I: Sure!

We can look into various components of value chain like Sourcing, Inbound Logistics, Processing, Outbound Logistics, Distribution and Marketing.

I: Why don't you focus on sourcing? That's where the costs have increased.

Sure. Before I proceed, I would like to know more about the sourcing strategy. Is it in-house or outsourced? Also, which are the raw materials procured? How many suppliers do we have?

I: Sourcing function is completely in-house. For the key product lines, we procure five types of raw materials. These are sugar, plastics for packaging, mint, cocoa and synthetic additives. We procure them from 20 suppliers here in India and a supplier in Brazil and another in Australia.

So, I think I have a good understanding of how the sourcing is managed. As you mentioned that the overall procurement cost is increasing, I will consider the total procurement cost as:  
 $(\text{Raw material price} \times \text{Quantity}) + \text{Overheads}$   
 Do we have data on the trend of raw material prices and quantity procured?

I: Focus on the per unit raw material price.

Has the raw material price increased for a particular supplier?

I: The synthetic additives are bought from an Australian supplier. The price of additives from the supplier has doubled in the last two years.

Then I assume it has been the same for the other customers of the supplier. I would like to understand if there has been any change in specifications for the additive in last 2 years.

I: Raw material price has not increased as much for the competitors. There has been no change in the client's requirement. Also, there are many suppliers available in Australia for the same product.

Okay! Why are we not procuring from other suppliers in Australia? Is there a reason for that?

I: That's not possible as we have a bond till 2040 to buy from only them in Australia.

Okay, can we explore suppliers in other countries?

I: Although available, the transportations cost would be too high.

## Chocolate Business – Transcript cont.

**Problem:** Our client's profit is declining for the last 1.5 years. They have come to us for a solution. Can you help us solve the case?

Is renegotiation with the supplier a possibility given the decline in profits?

I: This would not be possible as the supplier has many buyers for the same product.

Okay. Can I take a minute to think?

I: Sure.

The raw material is core to our client but the client is not the core customer of the supplier. Also, value capturing is not a possibility, so we should focus on creating value for both the client and the supplier. We need to look into the cost structure of the supplier, explore the possibility of reducing the supplier's cost and take on the benefits. Secondly, we should consider the trade-off between raw material order frequency and inventory holding cost (i.e. low frequency but high volume shipping), to reduce costs per unit.

I: Okay, so what are your recommendations?

Since the supplier has multiple buyers, one reason for high price of raw material for the client could be a mismatch of batch size between the client and the supplier. The client should work with the supplier to optimize the order batch size. This will reduce the supplier's cost, which will be passed on to the client.

I: In fact, this is what we proposed to the client. Thank you for your time.

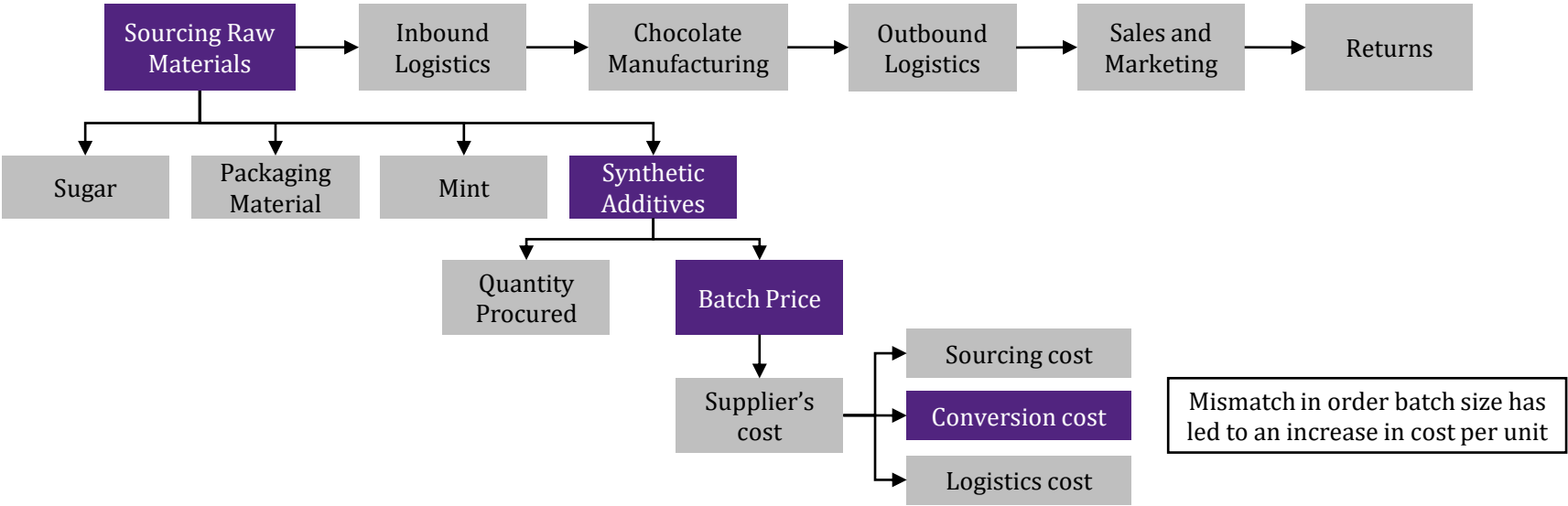


# Chocolate Business – Case Structure

**Problem:** Our client’s profit is declining for the last 1.5 years. They have come to us for a solution. Can you help us solve the case?

Problem Scoping			
Objective	Find causes for declining profits and provide recommendations	Location	Maharashtra
Market	Fragmented market with 5 major players	Manufacturing	Inhouse production with 7 product lines, but only 1 generates 80% revenue

Notes
Costs have increased
Procurement Cost = (Raw material price p.u. x Quantity) + Overheads
Total 5 key raw materials; Supplier base: 20 in India, 1 each in Brazil and Australia
Synthetic Additives, one of the raw materials, is procured from Australian supplier and its cost has doubled over the last two years



## Key Insights

- The candidate should have adopted a hypothesis based approach rather than directly hunching for a cause of increase in raw material cost
- The candidate could have asked the reasons for signing a 20 year bond with the Australian supplier and probed the reason behind increase in cost
- Recommendations should be provided with a rationale. Candidate should have asked for price elasticity for client’s product before recommending price increase

## Truck Manufacturer – Transcript

**Problem :** Your client is Indian truck manufacturer facing stagnant market share in South India. The client wants you to identify the problem and suggest recommendations.

What kind of trucks does the client manufacture? And, what are the other regions where the truck manufacturer operates?

I: The client operates pan India. It manufactures heavy and medium duty trucks.

What is the competitive landscape in South India and other regions?

I: The trucks are fairly similar across companies. Heavy duty trucks account for 70% of the revenue. The client has 50% market share in other regions and 30% in South India. The competitor having second highest market share in other regions is the market leader in South India.

That is interesting. Would it be safe to assume that the client is a market leader in the other regions because it has a first mover's advantage?

I: Yes, your assumption is correct. What do you conclude from that?

Let me walk you through my approach before I explain my conclusion. We can look at market share as a function of product awareness, likeability and accessibility. Since our client is a first mover and market leader in other regions, I conclude that product awareness is not an issue. Is that reasonable?

I: Yes, you can look at other factors.

In product and service likeability, we can look at factors such as price, quality, ergonomics and pre and post sales service. I'll start with price. Are the client's trucks priced at par with competition?

I: Price is not a problem. What other factors will you look into?

Next, I would look into Ergonomics. Looking at the users of the truck, we have drivers and assisting labour. Do we have any user specific complaints?

I: Our drivers are having discomfort in the cabin.

Some factors that will impact cabin comfort will be temperature, seat design and design of panels.

I: Our cabins are air-conditioned, so are our competitors. But our drivers have complained of temperature issues when they use the sleeping berth. Can you analyse this?

Where exactly in the cabin are berth and air conditioned located?

I: The berth is located behind the driver's seat. There are 3 AC ducts near the steering wheel.

The proximity of ducts and capacity of AC could be the issues. But if capacity of AC is the problem, then it should be an issue even while using the seats. Hence I conclude that proximity is the issue.

I: Sounds reasonable. What recommendations do you have?

You said 70% of the client's revenues are from heavy duty trucks. I assume these trucks are used for long-haul. So, in the short term, the client can establish deals with dhabas and motels to provide sleeping facilities to the drivers. The same can be replicated for medium duty trucks if the problem is significant in this segment. For the long term, I recommend re-designing the duct layout in the cabin.

I: Fair enough. What other problems could the client be facing?

On the quality side, I would look at the quality of child parts and other components of our trucks. Breakdown can be an issue due to sub-par quality or external factors specific to South India, like humid weather. Also, where are we on the mileage in comparison to competitors?

I: We are at par in terms of mileage. We use the best quality parts. But we have more breakdowns in South India, compared to other regions.

Possible reasons for more breakdown in South India could be sub-par driving skills, humid weather, poor road conditions. Any other reason you would want me to look at?

I: No, the humid conditions lead to frequent breakdown.

But that would also affect our competitors in South India. Which means, we need to look at our repair services. Can you walk me through the process and infrastructure in place for servicing a breakdown request?

I: We have multiple repair centers across South India. A driver can call the nearest center in case of a breakdown. The center sends a driver to the truck location, who brings the truck to the garage. After repair, the truck is delivered at the location of the owner or the driver of the truck.

## Truck Manufacturer – Transcript cont.

**Problem:** Your client is Indian truck manufacturer facing stagnant market share in South India. The client wants you to identify the problem and suggest recommendations.

I will draw the process to identify the problem area:

Connecting to repair center -> Placing service request -> Truck pick-up -> Repair -> Truck delivery. Are our drivers able to connect to the warehouses?

I: Drivers have complained about difficulty in connecting. But we tried it from our zonal offices, we hardly faced a problem. What do you think?

A driver would be calling from the breakdown location. If these areas are remote, insufficient telecom connectivity could affect their ability to connect. I'm assuming the office is located in a commercial area, so calls from there went through.

I: Good. That's exactly what the issue is. What would you recommend?

The client should purchase tariff plans from a telecom operator with good network connectivity in the area, and provide the SIM cards to its drivers. But I'm thinking what else can impact the driver's ability to connect. What percentage of incoming calls at the warehouses are received? Do we have data on that?

I: Excellent question. Drivers have also complained about missed calls. Why do you think that's the case?

I want to understand the process of receiving incoming service request calls at the repair centers. Who is responsible for this? How many telephones are there per center? Where are they located in the center?

I: The shop floor manager is responsible for taking calls. All calls are directly routed to the manager's cabin phone.

I assume a shop floor manager would spend a major part of his time at the floor. As a result, calls made during this time are missed.

I: You have identified the problem. What would you recommend?

I have 2 recommendations:

1) The client should recruit a staff member at each repair center exclusively for receiving service requests. Since breakdowns in South India are more frequent, this investment makes business sense.

2) Any call missed by the exclusive staff should be automatically forwarded to a mobile phone used by the shop-floor manager.

I: We have discussed the case in good detail. Can you summarize your recommendations and link their impact to the problem statement?

We identified 3 problem areas:

First, cabin discomfort. The short term recommendation is to tie-up with dhabas and motels to provide sleeping accommodation to drivers. In the long term, the duct layout should be redesigned. Since driver comfort affects the purchase decision of a truck owner, solving this problem will improve market share.

Second, lack of connectivity in drivers' mobiles. To solve this, the client should provide its drivers with SIM cards of a telecom operator having best connectivity in South India.

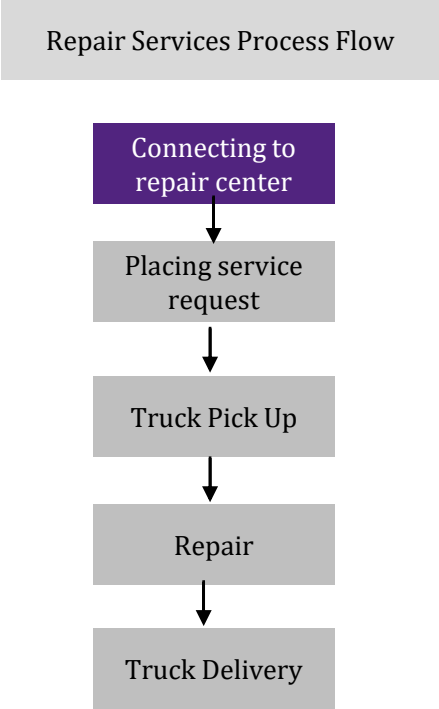
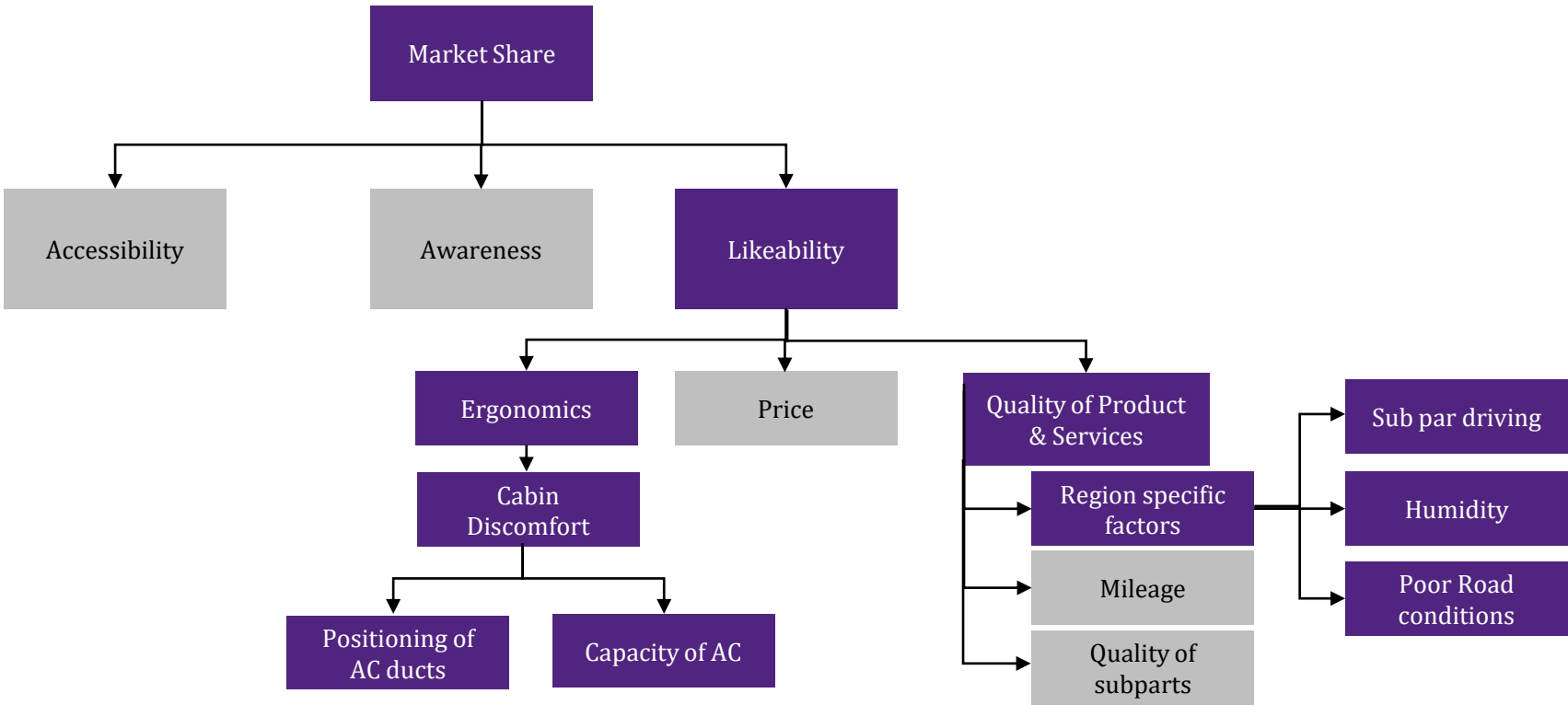
Third, missed calls at the repair centers. The client should recruit separate personnel for service request calls. Missed calls should be forwarded to the floor manager's mobile phone. Solving the second and third problem will plug loopholes in the product and service likeability of the client in South India, and improve its stagnating market share.

I: Thank you for your analysis.

# Truck Manufacturer – Case Structure

**Problem:** Your client is Indian truck manufacturer facing stagnant market share in South India. The client wants you to identify the problem and suggest recommendations.

Problem Scoping			
Objective	Arrest the issue of stagnant market share in South India	Location	Pan-India
Product	Heavy and medium duty trucks	Market Share	Market leader in other regions with 50% share, South India- 30% share



### Key Insights

- The candidate stated and clarified the assumptions at every step
- The candidate applied structure at every step, and also identified the factors which were specific to the client and those factors which were common to all players



# MARKET ENTRY CASES

## Lubricant Manufacturer – Transcript

**Problem:** Your client is an International Oil and Gas company. They want to enter the Indian Lubricant Market. You have been approached to understand how to go about it.

I would like to know more. Why does the client want to enter?

I: Currently, the company is already present in the lubricant segment in 100 countries across the world. The Indian market - especially the 4 wheeler segment, is growing.

Could you help me understand as to what the lubricants are?

I: Engine oils.

Okay. Is there any sales number that the client is targeting over a time horizon?

I: Nothing like that.

Okay. I would like to evaluate 3 factors: Opportunity, Viability and Feasibility. In opportunity, we could look at the market size, growth trends, competitors, loyalty of customers and concentration of market. Viability could be assessed by performing a breakeven analysis and feasibility can be assessed by looking at existing resources and operational effectiveness.

I: Can you explain, how we can go about calculating the market size of 4 wheelers in India?

Sure. We can first segregate the population into rural and urban. Then, we can assume an average family size for rural and urban. Next, for each segment we can divide the population on the basis of affordability into 3 segments – High Income, Middle Income and Low Income. We can neglect low income due to less affordability. This leaves us with Rural High Income, Rural Middle Income, Urban High Income, Urban Middle Income. We can divide the above population by average family size for rural and urban. Since, some families could own multiple cars we can assume, for simplicity sake, that every family could own 1 car. The total would then give us the size of 4-wheeler market in India.

I: Okay. Do you see any major threat during entry for our client's market entry?

I think, competition from government companies such as ONGC, Bharat Petroleum could be a major threat.

I: In that case, how do you plan to differentiate the client?

We can differentiate on the basis of 4 parameters:

- Affordability – To be competitive, we need to keep our prices at par with competitors
- Accessibility – Currently, the urban market is saturated. We can focus on the rural market because 2 wheeler sales is growing in rural market
- Awareness – We can raise awareness via marketing and advertising
- Likeability – Although client has no presence in India, we can market it as an international brand and position it for quality

I: How can we make our product more accessible in the rural market?

I can recommend 3 ways to make our product more accessible:

- Initially, we can give trial packs for establishing credibility
- We can collaborate with tractor companies and make our product accessible via showrooms and maintenance centres
- We can spread the word via mechanics in garages and make the product available in these garages

I: Okay! Those are great recommendations. Thank you.

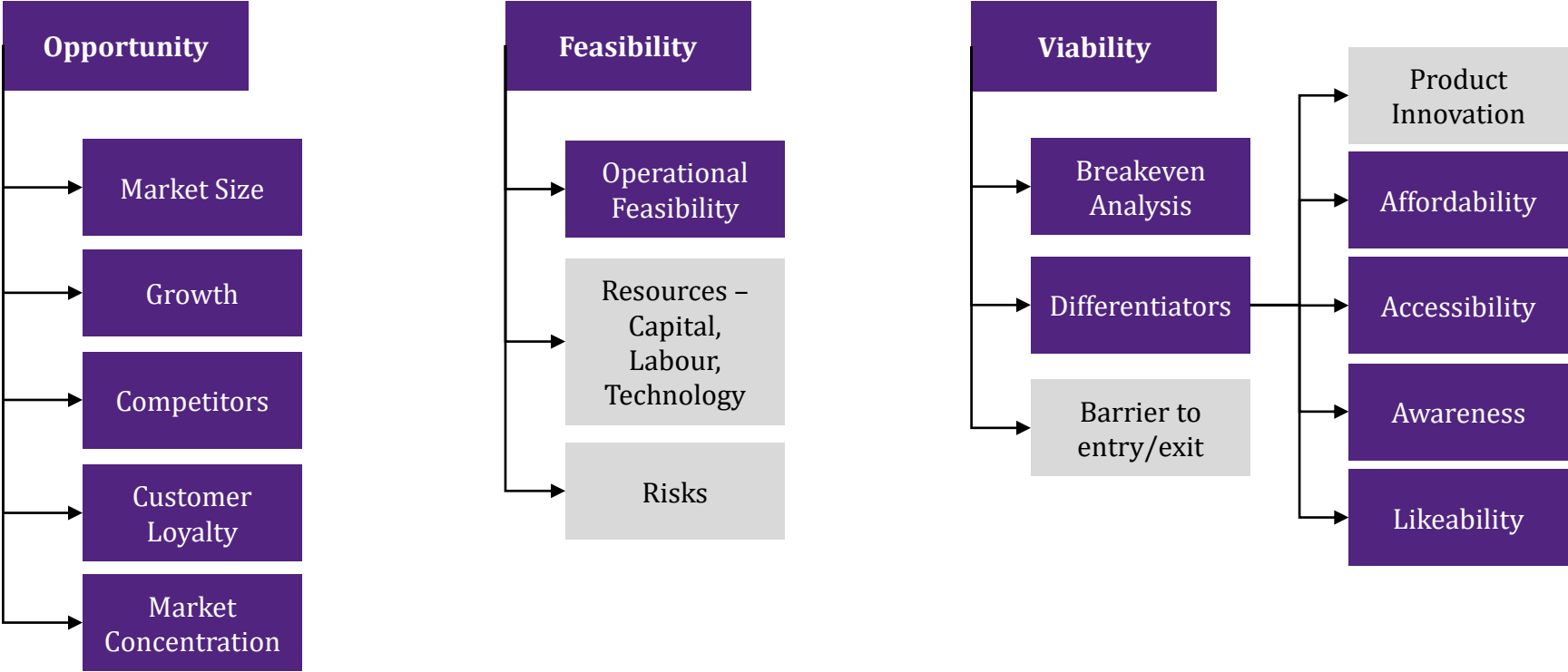


Lubricant Manufacturer – Case Structure

**Problem:** Your client is an International Oil and Gas company. They want to enter the Indian Lubricant Market. You have been approached to understand how to go about it.

Problem Scoping			
Objective	Entry into Indian Lubricant Market	Location	India
Target Segment	4-wheeler	Motivation	Increasing growth rate of 2 wheeler and 4 wheeler market in India

Notes
Client does not have a revenue target yet
Target market is higher and middle income, rural and urban families
Since the urban market is saturated, focus on rural market
Competition from government companies like ONGC, BPCL, IOC is a threat



Key Insights

- The candidate could’ve tried to understand more about the client’s company and their product offerings
- In Market Entry cases, confirmation bias should be avoided. Sometimes, it may not be a good idea to enter
- Listing out market entry risks and suggesting plan to mitigate them may earn brownie points

## Solar Panel Manufacturer – Transcript

**Problem :** Our client is a solar panel manufacturer and wants to enter a new market. Please suggest.

The client is a solar panel manufacturer and wants to enter a new market. Is my understanding correct?

I: Yes. That is right.

I have a few questions before we begin. Where does the client operate currently? Which customer segments do we market to? What does the client want to enter a new market? Have we done any due diligence as yet?

I: The client operates in India. The market is saturating; hence the CEO wants to enter a new geography. No due diligence has been done on this till now. Our customers in India are from three sectors - Government, Commercial and Residential.

May I know the market share and profits of each segment?

I: We are performing extremely well and have the highest margins in the commercial segment.

I would like to structure the case into four broad buckets, that is, customer, company, product and competitor.

Since higher margins are in the commercial segment, I would like to analyze the electricity consumption of companies in each sector and compare it with the capacity of our solar panels. If the ratio of the capacity of solar panels to the requirement of the company is less than 10%, the company would not see a major cost saving in solar panels and might not be attracted. Also share of electricity in the total costs of the company is something I would like to look at.

I: That is a fair point. How would you look at product?

For product I would first like to know the panel capacity. Also, since the direct competition of the product is state electricity, I would preferably calculate the long term savings on the assumption that the initial costs of purchasing a solar panel would be high. If long term savings could be generated, I would pitch that factor to the potential consumer.

I: Okay. What else would you analyse?

I would like to understand the nature of competition in India. An oligopolistic market would be attractive. A fragmented market would be a reason for worry, since we would be a price-taker in that case. Also, I would check if is any difference of raw material costs. If we are generating a cost-benefit by operating from India, then again it might be wise to enter.

I: What would you like to understand about the company?

First, I would like to understand the financial capacity of the company to invest in a new geography and also analyse its strategy. Lastly, I would also try to understand whether we have the right product and technology to enter into that market, and if not whether it is financially viable to enter into a joint venture to generate technological synergies for the company. Based on these factors, I would understand whether the project should be greenfield or brownfield.

I: Fair points. How would you go about selecting the geography?

The first factor I will look at is the availability of sunlight.

I: Okay. Let's say we have decided Dubai. Now, what will you look at?

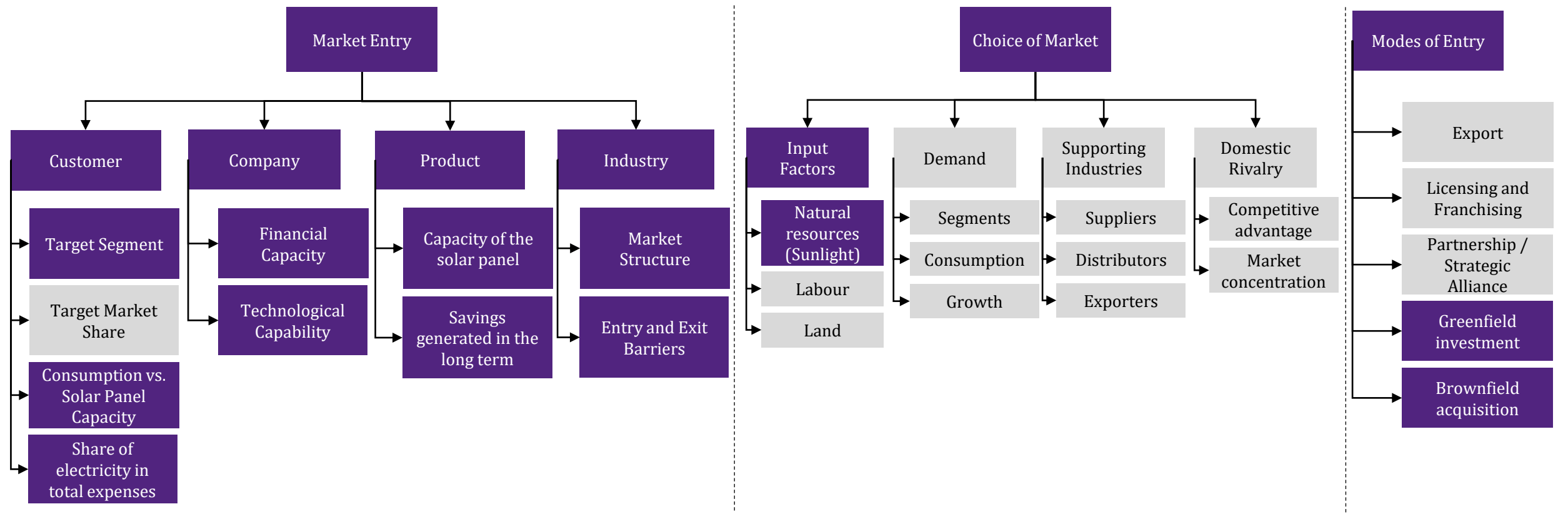
Other than customers and competitors, I would like to assess the barriers to entry like government regulation, taxes, etc. I would also try to assess the value chain in Dubai. Right from sourcing raw materials, production to final sale to the consumer I would like to understand the synergies I could build it and draw a niche which my competitors might be missing on.

I: Thank you. I have no more questions.

Solar Panel Manufacturer – Case Structure

**Problem :** Our client is a solar panel manufacturer and wants to enter a new market. Please suggest.

Problem Scoping			
Objective	Suggest whether the company should enter a new market	Reason of entry	India market has exhausted and the company wants to increase revenue
Existing market	India	Segments	Government, Commercial, Residential



- Key Insights**
- Factors for selecting the new market should have been approached in a structured manner (The candidate limited the discussion to availability of sunlight)
  - The candidate should have analysed more modes of entry to ensure MECE

# Salon Business – Transcript

**Problem:** My friend is married to an investment banker. She wants to open a Salon in Mumbai. We want to help her make decision considering the economic feasibility.

So your friend wants to open Salon in Mumbai and I have to help her in making her decision. Right?

I: Correct!

May I know her objective behind opening a Salon? Does she want to make profits or she wants to capture the market?

I: Good question! She always wanted to open a Salon but due to certain constraints couldn't do so. Now she feels is the right time to go ahead. She wants to make decent profits, as in she doesn't want to run into losses.

How is she planning to finance the Salon?

I: As I mentioned earlier, her husband is an Investment Banker, she is going to use his money. So, if I want to evaluate the economic sense, what factors should I look at?

We would have to look at the revenues and the costs that the salon can generate

I: Okay, please do that.

To understand the revenue and cost streams, we would have to first know who our target customers would be.

I: Consider the target customers to be rich and upper middleclass customers.

Since the target customers are upper middle and rich customers, is it fair to assume that we would open a salon in a posh locality. Maybe, South Bombay?

I: Yes. You can assume that.

Now, I need one clarification. Is the salon unisex or catering to only men or only women?

I: It is unisex. Can you help me come up with the revenue streams for both?

For men, the major revenue streams would be haircuts, shaving and other services. For women, haircuts would be infrequent. Apart from that, one major services availed would be waxing, and then beauty services like manicure, pedicure, massage etc.

I: Okay. Can you give me a number for each?

For men, I will assume haircut to be priced at Rs. 1000. In Delhi, we have Geetanjali salons which charge around Rs. 500 for a haircut. In an area like South Bombay, the price of a haircut in a premium salon should be around Rs. 1000.

I believe shaving would be priced at Rs. 200, and other services also Rs. 200.

For women, since a haircut involves more effort, I would assume the price to be Rs. 2,000, waxing to be Rs. 300, and other services to be Rs. 300. Do you want me to do a market sizing in order to estimate the revenues?

I: Go ahead.

Okay. Let's say the salon would be open for 8 hours/day for 7 days in a week. Let's consider that the salon has a capacity to serve 5 customers in parallel. Can I assume that for a premium salon, average time taken for every customer (both male and female) is ~1 hour?

I: You can assume that.

Then, the total customers that could be served in a month would be: 1 customer/hour x 8 working hours/day x 30 days/month x 5 customers in parallel = 1200 customers/month.

I: Isn't 1200 a little too much? Do you think your salon would be occupied the entire day?

You're right. We need to take into account the variability of customer arrival. For simplicity's sake, can I assume that average occupancy rate to be 50%?

I: Sounds reasonable

With that assumption, it would give us 600 customers/month. I would now divide the customers between men and women

I: Assume that only men visit the salon for getting a haircut during a month

In that case, since a haircut is priced at ₹1000, this would give a monthly revenue of ₹6,00,000/month

I: Okay. What all components would be included in the costs?

## Salon Business – Transcript cont.

**Problem:** My friend is married to an investment banker. She wants to open a Salon in Mumbai. We want to help her make decision considering the economic feasibility.

I would divide the cost into Fixed Costs and Variable costs. Fixed costs consist of shop rent, employee salary expenses, etc.

Variable costs would consist of electricity bill, cost of materials like shaving cream, waxing cream, oil, blades, etc.

What all challenges do you see with opening the salon?

One major challenge that I see is competition by other established and reputed salons.

How do you plan to tackle it?

Initially, to build credibility, the salon could offer a free service to the influencers to spread the word in the market. We would also require to spend on marketing and advertising on various channels. Also, considering it is a premium service, I would look for ways to differentiate the offerings and gain customer loyalty.

How would you differentiate and gain customer loyalty?

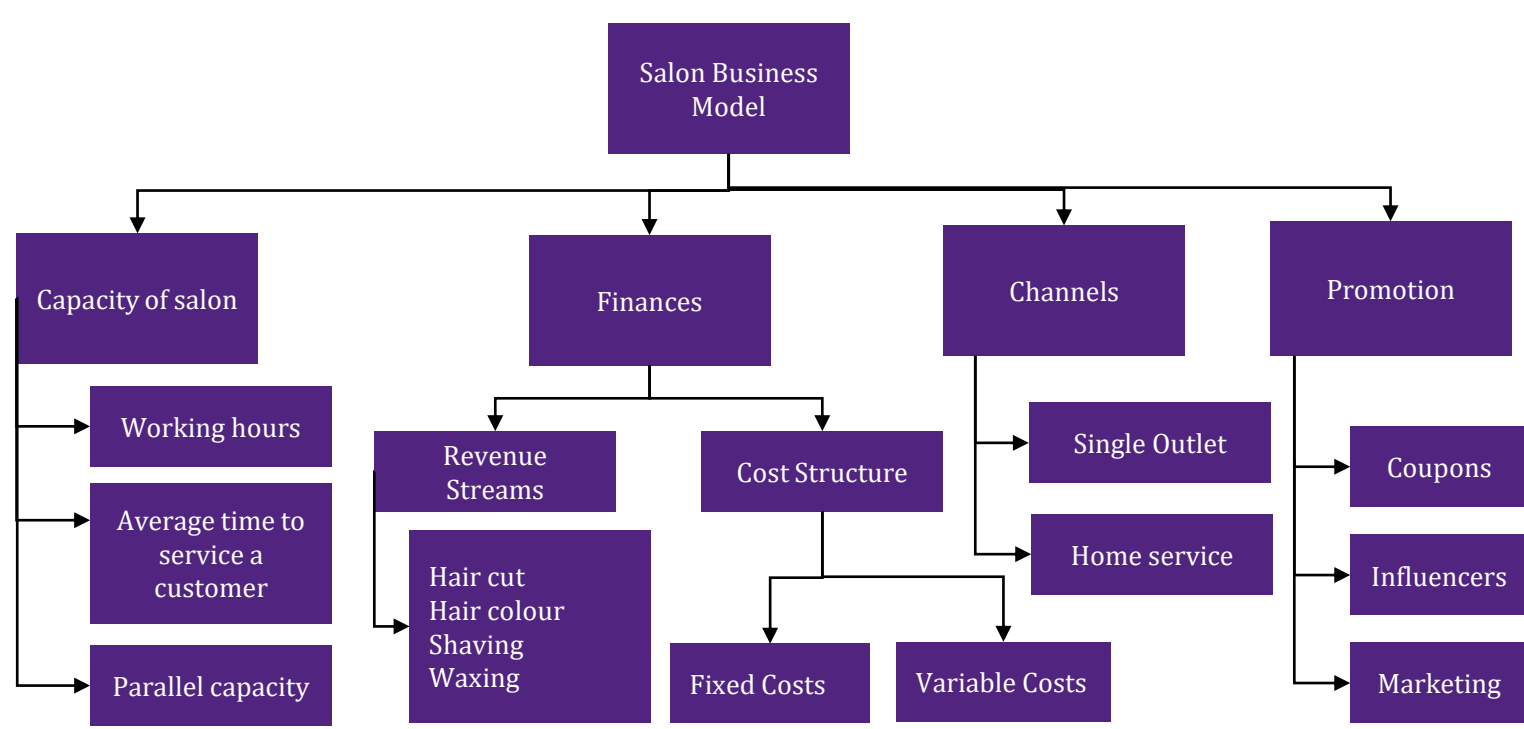
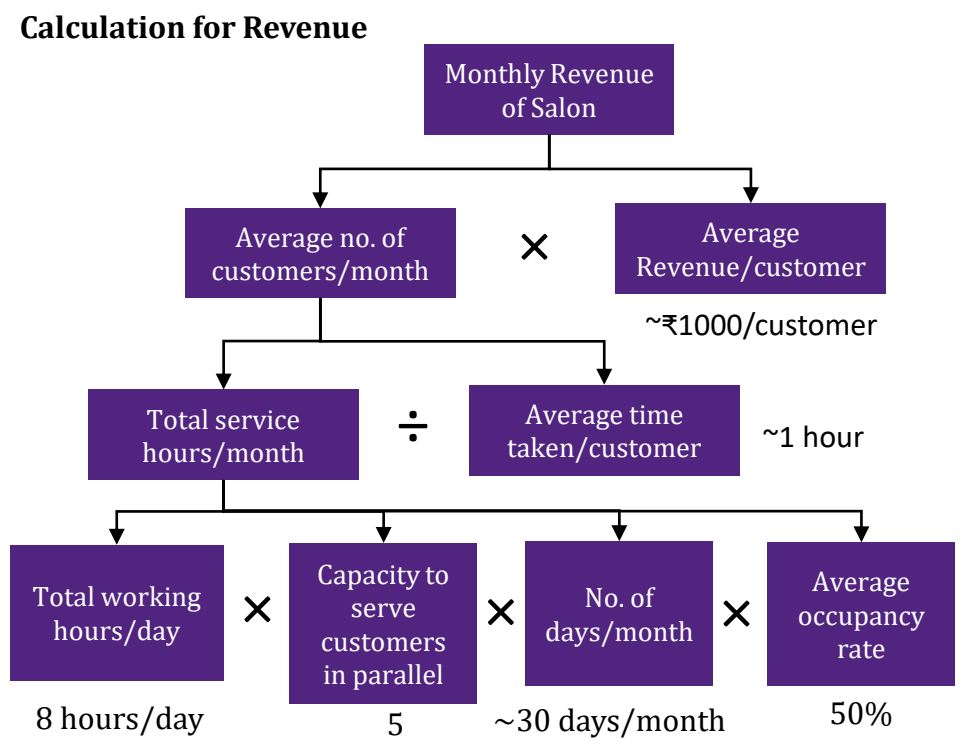
This could be done, by providing home salon services by collaborating with aggregator services like Urbanclap. This would help us reach more customers initially. For the existing customers, the salon could offer a coupon on every visit that can be redeemed for discount during next visit. This would ensure that the customers stick and remain loyal to our salon services.

Great! This should be it. Thank You.

Salon Business – Case Structure

**Problem:** My friend is married to an investment banker. She wants to open a Salon in Mumbai. We want to help her make decision considering the economic feasibility.

Problem Scoping			
Objective	Decent profits, client does not want to run into losses	Location	Posh locality in Mumbai (South Mumbai)
Target Segment	Rich and upper middle class (men and women)	Financing	Not a concern since husband is an investment banker



Key Insights

- The candidate clarified the assumptions at every step
- More focus on breakeven analysis would have made a stronger case, since the client clarified loss avoidance
- This case is a mix of profitability and market entry. Could be solved in multiple ways.



# GROWTH STRATEGY CASES

# State Tourism – Transcript

**Problem :** The government of Orissa wants to increase tourism in the state. Please advise them.

Let me begin by identifying the issues which may be causing hindrances in tourism growth. Has any analysis already been done to identify these issues?

I: There is inadequate infrastructure resulting in poor connectivity and there are not enough 5 Star hotels in the Orissa.

I am assuming we would like to attract both domestic as well as international tourists to Orissa. Would that be correct?

I: Yes

I will begin with providing solutions to the problems already identified and then provide additional measures which can be taken to grow tourism.

I: Sure. Please go ahead.

To improve infrastructure we can work towards rail, air, road and chopper facility:-

1. Rail network - Construction of rail network needs to be aggressively pursued by the government. They need to identify major routes and prioritize their construction
2. Passenger Flight –UDAN scheme can be leveraged to offer incentives for flights from metro cities which will encourage more people to visit Orissa for their vacations
3. Road network – Better quality roads can be constructed to facilitate transport via buses.
4. Chopper facility – For some destinations, we may think about having a chopper facility. This will reduce the travel time considerably and encourage people to visit remote locations as well. This service would be from airport itself.

I: How would you determine whether to go ahead with the chopper service or not?

We will look at 2 aspects – Costs and Revenue.

1. Cost – Major fixed costs include cost of chopper, maintenance service, salary of pilot, etc. Variable cost majorly would comprise of fuel cost.
2. Revenue – It would be a function of number of round trips per day, distance to be flown and number of passengers which can be transported during one single trip. Based on the above, we can then equate cost = revenue for breaking even to determine the fare per passenger to be charged. This fare will then have to be compared with costs of existing modes of transport for reaching the destination. Then we can take a decision whether to go ahead with the chopper facility.

I: Nice. Let's proceed with your suggestions for hotels

I can think of two suggestions for hotels:-

1. Give incentives to private players to build 5 star hotels. This would gather more interest from players in the hospitality industry.
2. Government can themselves get into action and start by building residential accommodations initially to attract tourists. The Narmada tent city model made and managed by the government themselves can be followed. Once number of tourists increases, private players would automatically see Orissa as a good business opportunity and would start expanding their hotel chains in Orissa as well.

I: Do you have any other suggestions?

1. Identify which locations in Orissa are currently being visited by tourists frequently and which are not. If possible, find out reasons of preference of one destination over other. Will give an idea of what can be improved at other destinations to attract tourist footfalls.
2. Tie up with foreign countries for tourism of Orissa. It can be a win-win situation where they would advertise Orissa in their country and you may do the same in Orissa.
3. Bringing in a brand ambassador, preferably a global icon can be instrumental in putting Orissa as a preferred travel destination for all tourists, both domestic and international. It is similar to Messi being the global brand ambassador for Tata.
4. Increasing visibility of the state by participating in travel fairs, both domestic and international. We have travel exhibitions held in NESCO ground in Mumbai. I have visited it once. It personally gave me a lot of insights about countries which I knew nothing about before that day.
5. Encourage travel bloggers to prepare an interesting documentary on Orissa. It would help educate people of the beautiful places which are worth visiting in Orissa.
6. Testimony videos of existing families who visited Orissa sharing their experience, similar to the Dove ad we see on television. It would be a cheaper and very impactful mode of advertising the state.

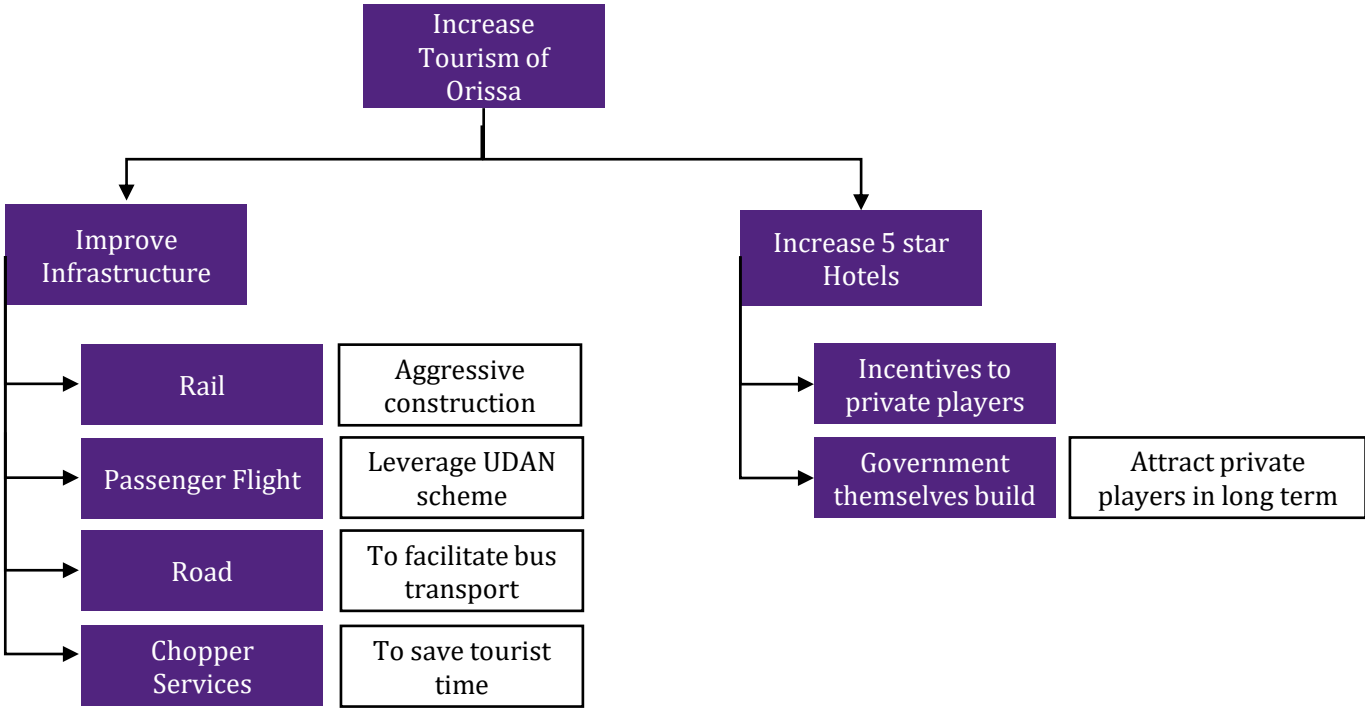
I: Nice suggestions. That would be it. Thank you !

**Problem :** The government of Orissa wants to increase tourism in the state. Please advise them.

Problem Scoping			
Objective	Increase tourism in Orissa	Bottlenecks	Infrastructure and lack of 5 start hotels
Tourists attracted	Domestic and Foreign Both		

Other Suggestions	
Find out reasons of preference of one destination over other	
Tie up with foreign countries for tourism of Orissa	
Bringing in a brand ambassador	
Increase visibility of the state by participating in travel fairs	
Encourage travel bloggers to prepare an interesting documentary	
Testimony videos of families who visited Orissa sharing their experience	

Calculation of Chopper Fare	Rs. (in lacs)
Cost of chopper (i)	500
Maintainence Cost/month (ii)	0.5
Salary of Pilot/month (iii)	2.5
Fuel cost/trip (iv)	0.03
No. of trips in a month (v)	300
Fixed Cost (i)	500
Variable Cost per year [(ii)+(iii)+(iv)*(v)]*12	144
Fare per trip for breakeven [Fixed+Variable]/Trips	0.18



Key Insights

- The candidate scoped the problem as per the bottlenecks which simplified the case
- The candidate shared multiple solutions and did not restrict only to the bottlenecks presented by interviewer



## Oil and Gas Company – Transcript

**Problem:** Shell has around 100 retail outlets in India. It had sold off its refinery a few decades back and now is looking forward to expand its market share in India, but is not being able to. You are at a meeting with the country Head of Shell. What would you suggest to increase the number of retail outlets to 5000+? If it is not feasible, you can also suggest Shell to move out of the Indian market.

To clarify, Shell has around 100 retail outlets in India and is looking forward to expand its market share and increase retail outlets to 5000+. Is there anything else that you want me to find?

I: Try to find the reason why Shell has not been able to open up more petrol pumps.

May I know what are the type of products that Shell offers and how long have the product been around for? What is the location of operations and which part of value chain do we exist in?

I: Shell has been in India for about 10 years. The products are primarily petrol, diesel and LNG. It has its outlets today at 4 cities: Bangalore, Chennai, Pune and Ahmedabad.

To determine the profitability of the business, I would like to know whether the existing petrol pumps are profitable. Further, I assume that price of fuel is fixed and does not play a role here. Is my assumption correct?

I: Yes, they sell around 200kL/month and are quite profitable. Price is not an issue. What I need you to find is whether we can expand our market share. Why or why not?

Do you want me to find out the market size first?

I: No, not needed. You may focus on the volume now.

Can I please take a minute to structure my thoughts?

I: Sure, go ahead.

I would like to analyze the value chain of the business. Can you provide me more information on the production, distribution and customer pull.

I: We import 20% volume at Chennai and the rest 80% is bought from the major Indian companies. Customer pull is not an issue since petrol and diesel are commodities.

Does it mean that the imports are not sufficient enough to open retail outlets in other parts of the country and buying from competitors is expensive to expand the market?

I: Yes, that is correct.

Can you please give more ideas on how the competitors manage?

I: The competitors operate oil refineries that exchange fuels with other downstream companies which refine crude oil at various locations. The competitors have set up refineries across India but Central India has only one competitor with a refinery.

Since we do not have a refinery, we are not being able to take the advantage of fuel exchange and are only buying, which is restricting our scope of expanding to places beyond Chennai, Bangalore, Pune and Ahmedabad. This is also because the imports and fuel bought, get exhausted within these cities. Can we have another import facility in Eastern India, where we have a port? With that, we can open profitable outlets in that region like at Chennai.

I: Yes, Shell can do that. You can add that as a recommendation. You have covered enough of the case. Can you summarize it?

So, Shell wants to expand the market share in India. We observed that majority of Shell volumes are bought from other major Indian companies making it expensive to expand the market. Based on that, I have three recommendations:

1. I would recommend Shell to set up another import facility to increase market share.
2. I also suggest that since the demand is quite high, Shell can start a refinery in Central India because there is only one competitor there, which will enable it to lend fuel there and borrow at locations where Shell does not have a refinery.
3. Shell can also open outlets on highways to capture more demand.

I: Okay, that will be all.

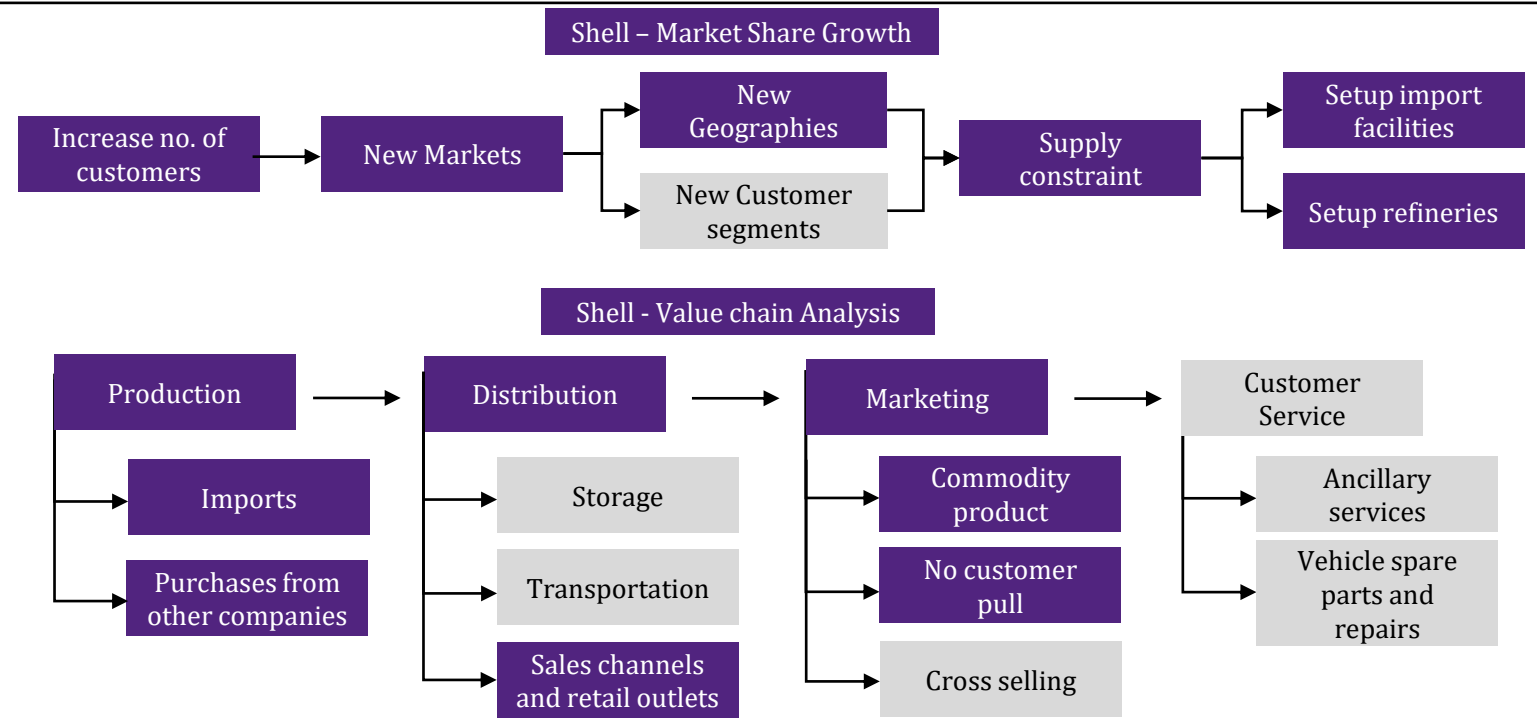
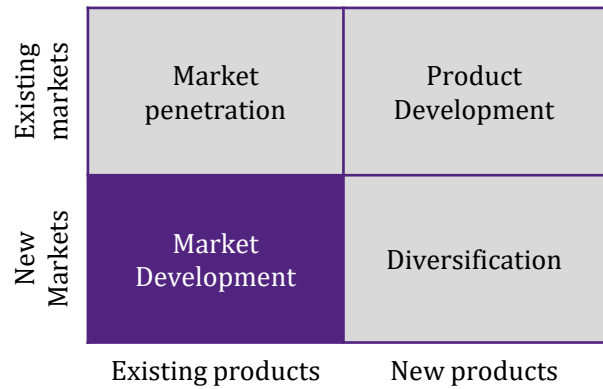
Thank you.

# Oil and Gas Company – Case Structure

**Problem:** Shell has around 100 retail outlets in India. It had sold off its refinery a few decades back and now is looking forward to expand its market share in India, but is not being able to. You are at a meeting with the country Head of Shell. What would you suggest to increase the number of retail outlets to 5000+? If it is not feasible, you can also suggest Shell to move out of the Indian market.

Problem Scoping			
Objective	Expand market share	Location	4 cities in India
Products	Petrol, diesel and LNG	Competitors	Competitors operate oil refineries

Notes
Shell has been in India for 10 years – company’s presence decides its stage of growth in the market
Assumption: Price does not play an influencing role for fuel sale
Fuel sourcing breakup: 20% imports and 80% local



## Key Insights

- The candidate clarified the assumptions at each step – a good practice in case solving
- The recommendations were offered in a structured manner
- The candidate could have explored other parts of the value chain like improved customer service for market share growth in existing markets.

# PRIVATE EQUITY CASES



# Industrial Gas Manufacturer – Transcript

**Problem:** An industrial gas manufacturer is considering carving out 30 factories. Recommend whether the private equity firm should invest.

I: The Industrial Gas Manufacturer produces industrial grade nitrogen, oxygen, carbon dioxide, argon etc. The company is considering to carve out 30 of its factories. A PE firm is considering buying these factories, turning them around and selling them in future. Determine the attractiveness of these assets and whether the PE firm should consider buying these assets.

Where is the firm located and who are their customers?

I: The company is based out of US and has 100 factories spread across the country. Industrial gas is used in various industries such as textiles, food packaging, healthcare etc.

Thanks. Can you tell me more about the business model?

I: The profitability of a company operating in this sector depends on how close the customer is to the manufacturer. This affects the pricing of the products by the company and its competitors.

Has the industry been growing? Is there any information related to the competitors?

I: The industry has been growing and demand is increasing. The competitors are doing well and cater to the similar industries. The 30 factories being carved out produce nitrogen to cater to the customers in 3 different industries - steel, hospitals, and food packaging.

Is the demand from these industries stable or is fluctuating?

I: For food packaging it has decreased a bit and for steel it has marginally increased. There is not much difference in the demand compared to the previous years. It has remained stable.

Apart from product pricing, what are the other factors that determine profitability of the firm..

I: Working Capital is one of the factors which determines the profitability. There are two sides to look at the profits- 1. Revenue 2. Costs. I would like you to focus on the cost side. Can you tell me what Working Capital is? Could you list down all the elements of it?

WC is a function of Current Assets and Current Liabilities. Current assets include inventory, receivables, cash and advances. Current liabilities include short term borrowing, trade payables, advances from customers

I: Okay good. So the company has higher inventory levels than its competitors.

There could be issues with demand and supply planning. Industrial gas would be made to order as gas cannot be stored for long periods.

I: There is no issue which planning cycle. We can cater to the demand as and when required.

How is the gas transported? From what I know, gas can be transported through pipelines, cylinders or drums by road or rail.

I: That's good. They are not transported through pipelines but through cylinders and other industrial grade containers.

Is it the same for the competitors? We would need to understand the lead time and the distance of the customer from the manufacturer compared to our competitors.

I: Okay, so you have identified the problem areas. Now I would like to assess the attractiveness of these assets and list down the parameters you will consider for evaluation.

I will consider the following factors:

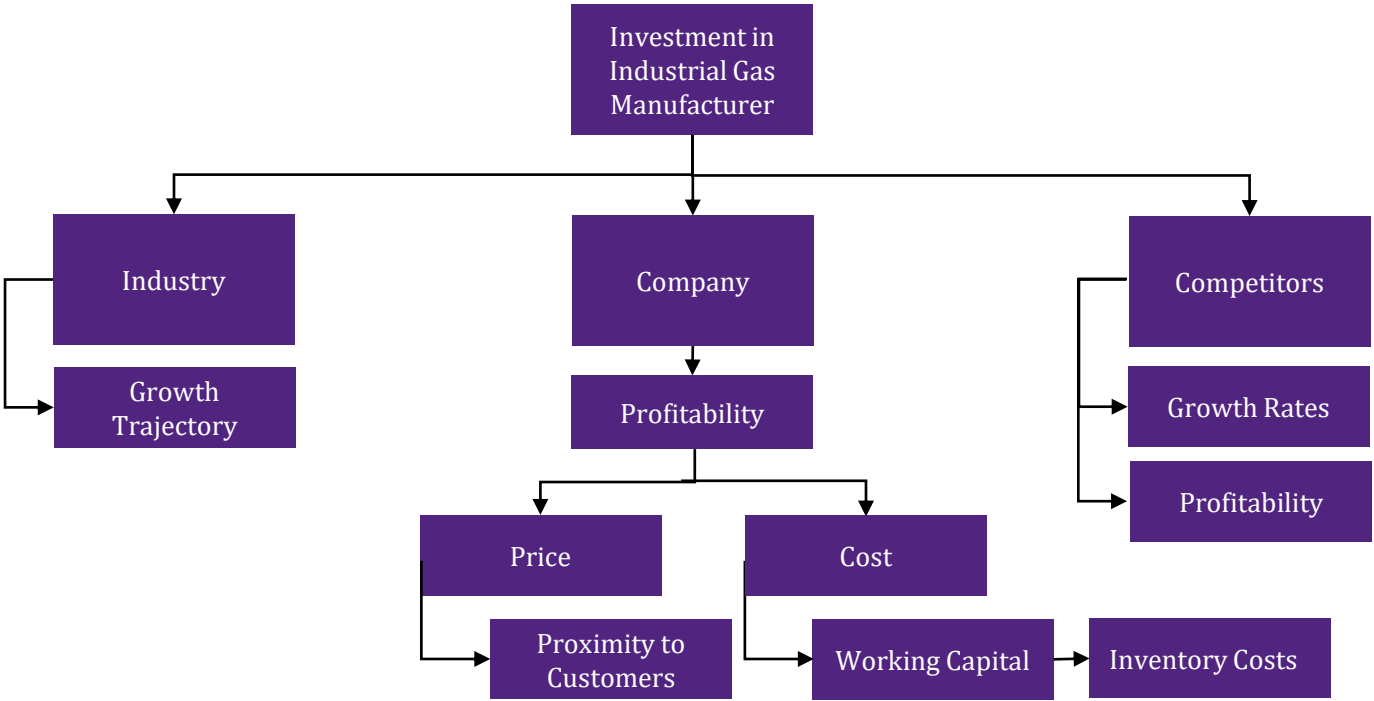
- Growth: The projections for the 30 factories to understand if they are growing faster than competitors.
- Logistics: OTIF Rate i.e. there could be quality issues while transportation of the gases, which would require the manufacturer to keep extra units to fulfil the order.
- Storage Costs: Since the profitability depends on proximity to the customer, we would have analyzed the distance to customers and corresponding storage and logistics cost.
- Competitor Presence: We can look at the switching costs for customers. If the competitor is close to the customers, they can service them at a lower cost and undercut our prices.
- Products: Benchmark the profits from manufacturing nitrogen with the other products in the portfolio. If the business in nitrogen gas supply is not lucrative, the factories can be used to supply other products that have higher demand and potential to reduce costs.

I: Thanks. We can stop here.

# Industrial Gas Manufacturer – Case Structure

**Problem:** An industrial gas manufacturer is considering carving out 30 factories. Recommend whether the private equity firm should invest.

Problem Scoping			
Objective	Determine if the PE firm should invest in 30 factories	End-Users	Textiles, Food Packaging and Healthcare
Location	USA	Profitability Drivers	Logistics Cost and Working Capital



## Key Insights

- The candidate spent considerable time on scoping questions since they did not have a background in the industry
- The candidate used information from the scoping questions well to determine the key investment considerations
- The candidate succinctly synthesized the case by listing down all the factors to be kept under consideration

# Theatre Chain – Transcript

**Problem:** Your client is PE firm evaluating an investment in PVR. Advise the firm.

I: Your client is a Private Equity and wants to invest in PVR. What would you advise them? I don't want the valuation and numbers, just the factors that you will consider and the emerging themes.

I will evaluate this opportunity from 3 aspects – industry outlook, revenue & profit potential and competitive threats. For industry, I will look at the market size and growth rates. For revenue potential, I will look at PVR's market share and different revenue stream. Lastly, I will look at the competitive threat of alternate business models in the entertainment space.

I: Which is the one threat that you can think of?

OTT players such as Amazon Prime and Netflix.

I: Okay. Go ahead. You mentioned market sizing. Why don't you go ahead and size the market for me?

For the movie industry, do you want me to consider the single screens as well or just the multiplexes?

I: Good point. Practically, you will consider single screens since PVR will gain share from them as well. You can ignore them for the purpose of your calculation.

I will use a supply side approach. The major revenue stream is ticket revenues which is a function of No. of multiplexes X No. of screens X No. of shows X No. of seats X Avg. occupancy X Avg. price

I: How will you calculate the number of multiplexes?

The number of multiplexes will be more in bigger cities like Mumbai compared to smaller cities. I will segment into Tier I, Tier II and Tier III cities. On the Bookmyshow app in Mumbai, I see almost 25 multiplexes listed, whereas the same app shows around 15 multiplexes in Vizag and Nagpur.

I: So, you'll multiply and arrive at the figure, let's say 300. How will you proceed?

For screens per theatre, in multiplexes like PVR, we have around 5 Audis whereas and in multiplexes like Cinapolis, there are 2-3 screens. So I will assume 4 screens per theatre on average.

I: Yes, go on.

To calculate the number of shows, I will assume the first show begins at 9 in the morning and the last show is at 11.30pm and ends at 2 am. So that gives us 17 operational hours a day. I will assume it be 16 hours for ease of calculation. Then we have English, Hindi and vernacular languages movies of varying lengths.

I: Okay I get how you'll do that. Let's say you have 5 shows per screen. How would you find the occupancy?

The occupancy varies across different time of the day and different days of the week. So, I'll consider weekdays and weekends and morning, afternoon and night shows.

I: Okay got it. How will you calculate seats?

No. of seats per row x No. of columns

I: So you will do the calculation and arrive at a number. How will you advise PVR to increase its growth? Which factor will impact growth the most?

Growth in terms of revenue or profits?

I: Focus on revenue.

Growth can be achieved through two levers – price and volume. PVR can expand the number of multiplexes by tracking new mall openings since they are generally located in malls. Additionally, reducing the price can increase occupancy leading to higher revenues.

I: Would you really reduce price when you want to grow the revenues?

Yes. It would have an impact on demand and hence the occupancy ratios. The price can be a major factor with the growth of OTT players in the country.

I: So if I price the ticket at say 50, Will it work for me?

It depends. The price elasticity of demand will have to be considered since the reduction in price should generate additional demand which results in higher revenues. Secondly, reducing the price drastically might disassociate with a premium feel.

I: What are the factors according to you that affect the decision of a buyer?

## Theatre Chain – Transcript cont.

**Problem:** Your client is PE firm evaluating an investment in PVR. Advise the firm.

The first would be location. Then within location, they would look at the cheapest option, but the seats should be comfortable.

I: So you mean to say that this is a catchment driven business. So, let's say if I had opened a PVR in BKC 10 years ago when there was nothing in BKC, with the best seats possible and at a very low price, it wouldn't have been successful?

Yes. For people, a multiplex is a source of entertainment. They won't be willing to travel for 1 hour to watch a movie for max 3 hours. Location preference always wins in that trade off.

I: Okay. So you mentioned competitor threats. Can you please talk about that?

I believe with the rise in traffic and decline in the availability of free time, more people would shift to OTT platforms purely for its convenience.

I: But do you feel that Netflix will really capture a significant share of market from these multiplexes? Or will there still be a section of society that would continue to go to multiplexes?

Netflix penetration is higher in Tier-I as compared to Tier-II and Tier-III cities, where TV and movies are still prominent.

I: Apart from that?

There will be movies people would like to watch in theatres because of the big-screen experience. The audience will continue to go to theatres for movies like Avengers due to the grandeur.

I: How much do you think such movies contribute to the revenues of the multiplexes? Do you think the multiplexes earn major portion of their revenues from such large movies or other movies?

While the total collections from big-budget movies is very high, the number of such movies is less. Mid-sized movies may have less collections, but they are more in numbers and would be a greater share in overall revenues.

I: How do you think the movies earn revenue?

Exhibition rights that film producers sell to theatre owners. I believe there will be a combination of some fixed and variable component based on the number of tickets sold. Another source would be selling the rights of the movie to TV channels and OTT platforms.

I: And how do you think Netflix is impacting the business of movies?

The impact will be two-fold impact. The price of digital rights depends on how early they telecast it. Film producers will want to maximize the fixed component if they feel the variable component is going to be low. This in turn will reduce running time. The second level impact is viewers opting to watch on OTT platforms as time between theatre screening and OTT launches reduce.

I: Good. Would mainstream Bollywood films opt to release on Netflix first?

I do not envision this in the short term. Netflix's model might be a fixed up-front fee and if the film does well, they will lose out on the upside variable component from ticket sales.

I: Let's say that Netflix pays a much higher fixed amount than the expected variable. Would they then release movies on Netflix?

I don't believe so. In the traditional equation with a multiplex, the movie producers hold a considerable amount of power. Since Netflix, is the first mover, they have a loyal customer base and a wider audience thus wielding bargaining power over producers.

I: So given all this, would you invest in PVR? Consider a time horizon of 5 and 10 years.

For 5 years I would suggest that the PE firm invests. I believe PVR will grow in Tier II and Tier III cities, where Netflix has still not penetrated the market. So even if Netflix takes away 100% of my market share in tier I cities, the tremendous growth in tier II and Tier III cities would make up for it. However, in the 10-year horizon period, a lot would depend on the urbanization rates in the next few years and how fast the tier-II and tier-III cities urbanize. I wouldn't recommend a 10-year period.

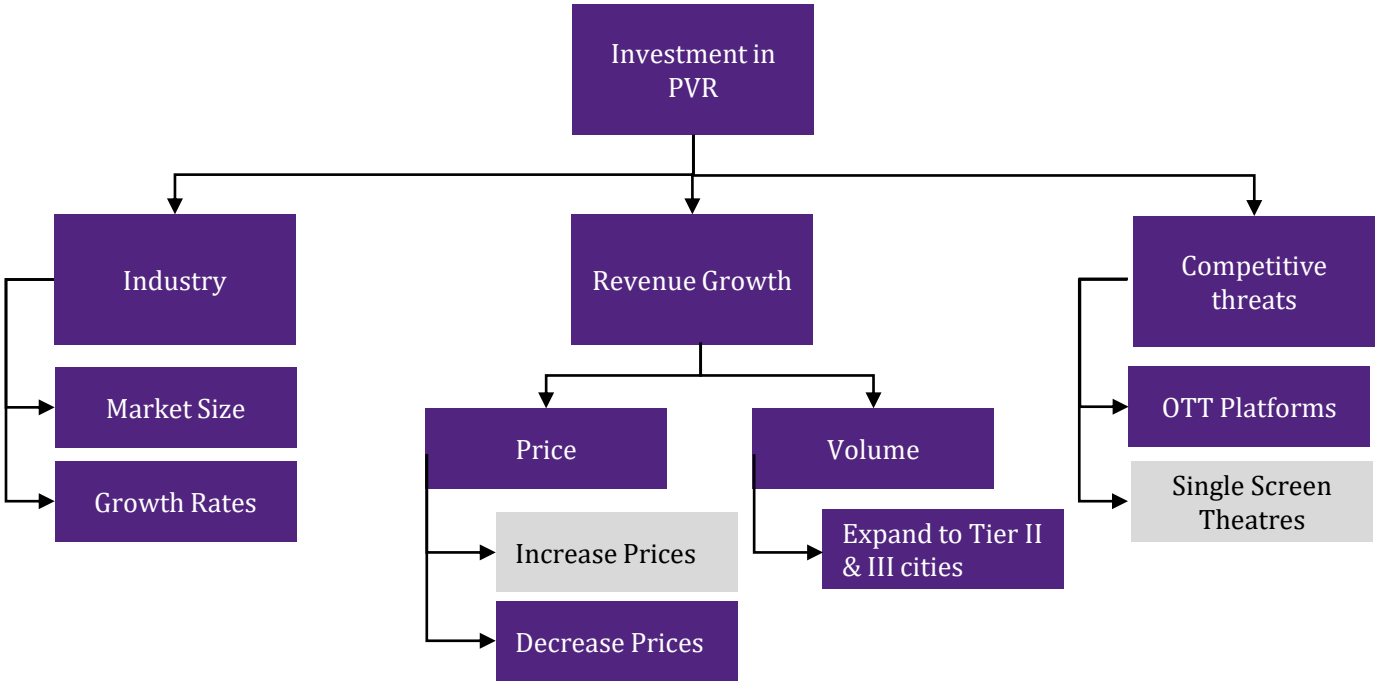
I: Okay understood. Good, it was a nice interaction. Great talking to you.

# Theatre Chain – Case Structure

**Problem:** Your client is PE firm evaluating an investment in PVR. Advise the firm.

Problem Scoping	
Objective	Determine if the PE form should invest for a 5/10 year period
Investment Considerations	Industry, revenue/profit potential and competitive threats

Notes
Ticket Revenues: No. of multiplexes X No. of screens X No. of shows X No. of seats X Avg. occupancy X Avg. price



## Key Insights

- The candidate followed a structured approach throughout the case
- The candidate should have considered price elasticity of demand when suggesting changes in price initially. Government capping the prices in some states can also be considered
- The candidate could have discussed original content on Netflix which might create a conflict on interest when launching main stream films



# GUESSTIMATES



## Coffin Maker's Profit – Transcript

**Problem:** Estimate the profit made by a coffin maker in The Maldives.

Sure. So I have to estimate the profits of a coffin maker in the Maldives in a year. Right?

I: Yes. Go ahead.

I will need some information for the analysis. May I know what is the population of Maldives?

I: You can assume it to be 40 million.

Alright, may I now know the age distribution of the population?

I: People across all age groups till 100 years live in the country. Assume that the population is divided uniformly.

What is the average life expectancy in the country?

I: Assume it to be 75 years.

Would it be fair to assume only Christians use a coffin to bury the dead?

I: Good point. But for now, assume that 10% of the dead people are buried in a coffin.

Sure. What is the selling price of a coffin and costs associated in making it?

I: Take Selling price = 100 USD, Fixed cost = 100000 USD, Variable cost = 60 USD/coffin.

Thank you! Next, what is the market share of our client?

I: That would be 10 percent.

Okay. Let me take a minute. The population is uniformly distributed across ages (0,1,...100). Therefore  $4,00,00,000 / 100 = 4,00,000$  would be the population for each age. Furthermore, as average life span is 75 years, shall I assume people who cross age of 75 per year i.e. 4,00,000 is the death toll of the country per year.

Yes, you can assume that. What next?

So, No. of coffins sold by our client =  $4,00,000 \times \% \text{ of people buried in a coffin} \times \text{market share of our client}$  =  $4,00,000 \times 0.1 \times 0.1 = 4000$ . Thus Profit = [No. of units sold x (selling price- variable cost) – Total fixed cost] =  $4000 \times (100-60) - 100000 = 60,000$  USD per year.

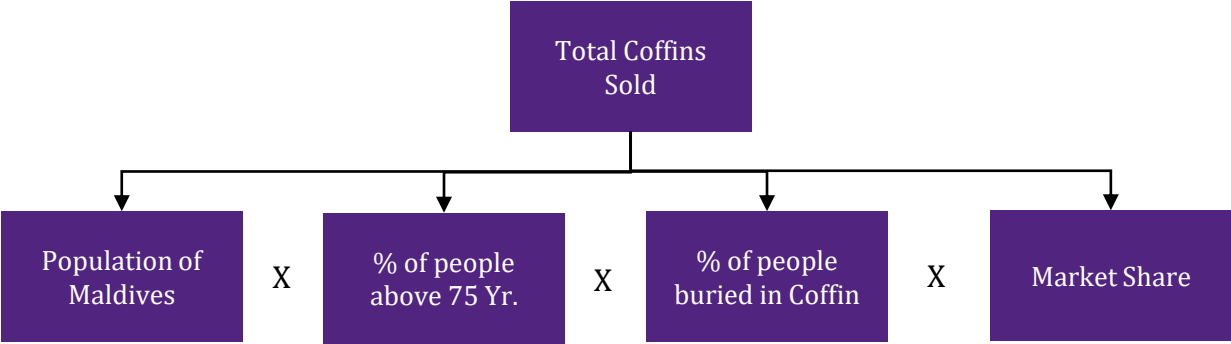
Thank you for your analysis.

# Coffin Maker's Profit – Case Structure

**Problem:** Estimate the profit made by a coffin maker in The Maldives.

Problem Scoping			
Segment	People with 75+ years of age	Location	Maldives
Social Segments	Lower Income, Middle Income and High Income		

Notes
Profit = No. of units sold X (Selling price – Variable cost) – Total fixed cost



## Key Insights

- The candidate exhaustively broke down the problem into its underlying levers
- The candidate maintained a conversational format and enquired the interviewer on all the levers. This also reduced the need for many assumptions

## Toothpaste Consumption – Transcript

**Problem:** Calculate the total number of toothpaste tubes consumed in India annually.

I am required to calculate the total number of toothpaste tubes consumed in India annually. Is that right?

I: Correct!

I would like to divide the population based on income. Then for each income group, for simplicity, I would assume that only one kind of SKU is consumed. In toothpastes, SKUs are typically large, medium, small. Then the income groups will be further divided into sub-groups based on consumption patterns (usage once a day or twice a day).

I: Okay, that seems like a good approach.

I would start with the higher income group.

I: Okay.

Higher Income Group = 5% of population = 17.5 Mn household. Most of the higher income groups will purchase a large toothpaste pack.  
Use once a day = 70% = 12 million households. One large toothpaste would last for 2 months. Total purchase =  $12 \text{ Mn} \times 6 = \mathbf{72 \text{ million large toothpastes}}$ .  
Use twice a day = 30% = 5.5 million households. One large toothpaste would last for 1 months. Total purchase =  $5.5 \text{ Mn} \times 12 = \mathbf{66 \text{ million large toothpastes}}$ .

I: Alright, proceed.

Middle Income Group = 35% of population = ~120 million households. Most of the middle income groups will purchase a medium size toothpaste pack.  
Use once a day = 80% = 96 million households. One medium toothpaste would last for 1.5 months. Total purchase =  $96 \text{ Mn} \times 8 = \mathbf{768 \text{ million medium toothpastes}}$ .  
Use twice a day = 20% = 14 million households. One medium toothpaste would last for 3 weeks. Total purchase =  $14 \text{ Mn} \times 16 = \mathbf{224 \text{ million medium toothpastes}}$ .

I: Okay, what next?

I would now compute the usage for lower income groups.

I: Yes.

Lower Income Group = 40% of population = ~140 million households. Most of the lower income groups will purchase a small size toothpaste pack.  
Use once a day = 100% = 140 million households. One small toothpaste would last for 3 weeks. Total purchase =  $140 \text{ Mn} \times 16 = \mathbf{2240 \text{ million small toothpastes}}$ .

I: Your household numbers don't add up. You have excluded 20% of households. Care to explain?

20 percent of households fall below the poverty line. They have an income of less than Rs 80 per day. They wouldn't use toothpaste. Rather they prefer salt or toothpowder because of lower prices.

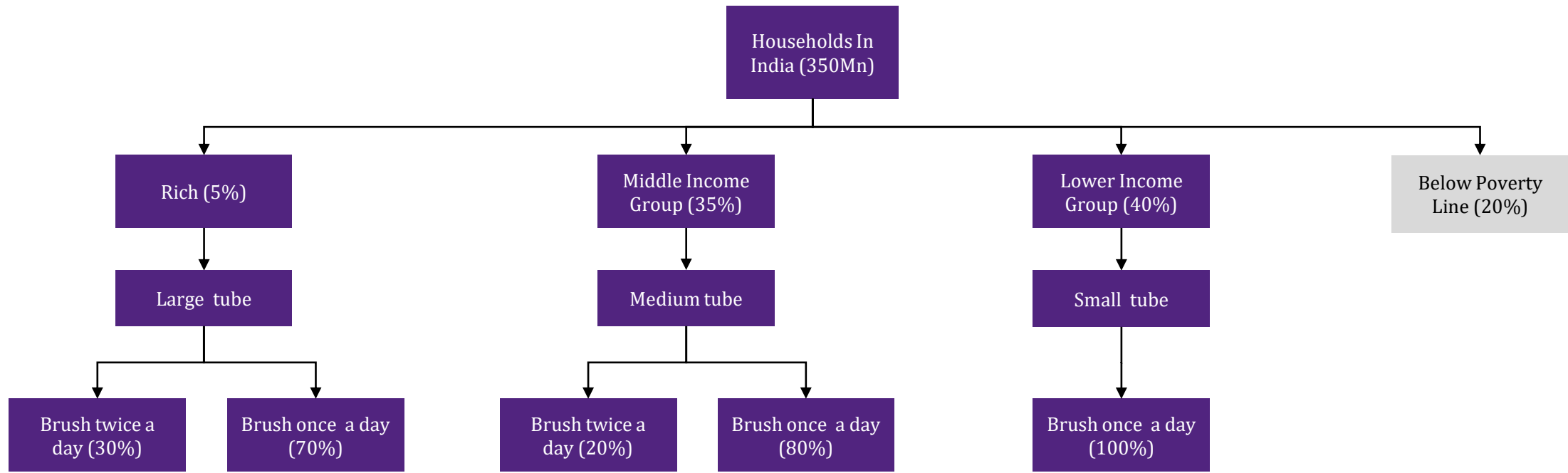
I: That's fair.

So, the total number of toothpastes consumed in India are **3.4 billion**, across various SKUs.

I: Thank you for the analysis.

# Toothpaste Consumption – Case Structure

**Problem:** Calculate the total number of toothpaste tubes consumed in India annually.



Key Insights

- It is advisable to down the problem in sub-buckets as done by the candidate in this case – it makes taking assumptions easier and presents the solution more comprehensively
- Identifying the different SKU sizes and frequency of usage introduced depth in the analysis

## McDonald's Burgers – Transcript

**Problem:** Calculate the total number of McDonald's burgers sold in Mumbai in a month.

Jut to confirm, I have to calculate the total number of McDonald's burgers sold in Mumbai in a month . Is that right?

I: Correct.

I would like to divide the area of Mumbai, which is ~600 sq. km, into urban and semi-urban. I would assume there is a McDonald's outlet every 5 sq. km & 10 sq. km in urban & semi-urban areas respectively.

I: Okay, that seems like a good start!

Based on the computation, there are ~100 outlets in Mumbai.

I: Alright.

Next, I would like to focus on sales per store per day. Assuming the store remains open 15 hours a day. For weekdays, I assume 10 hours of non-peak demand and 5 hours of peak demand. While, for weekends, I have assumed 7 hours of non-peak demand and 8 hours of peak demand.

I: Good. What next?

For peak hours, there would be supply side constraint and supply would be at maximum production capacity, which we can safely assume to be 2 burgers a minute.  
For non-peak hours, we can assume the burgers sold would be half that in peak hours i.e. 1 burger a minute.

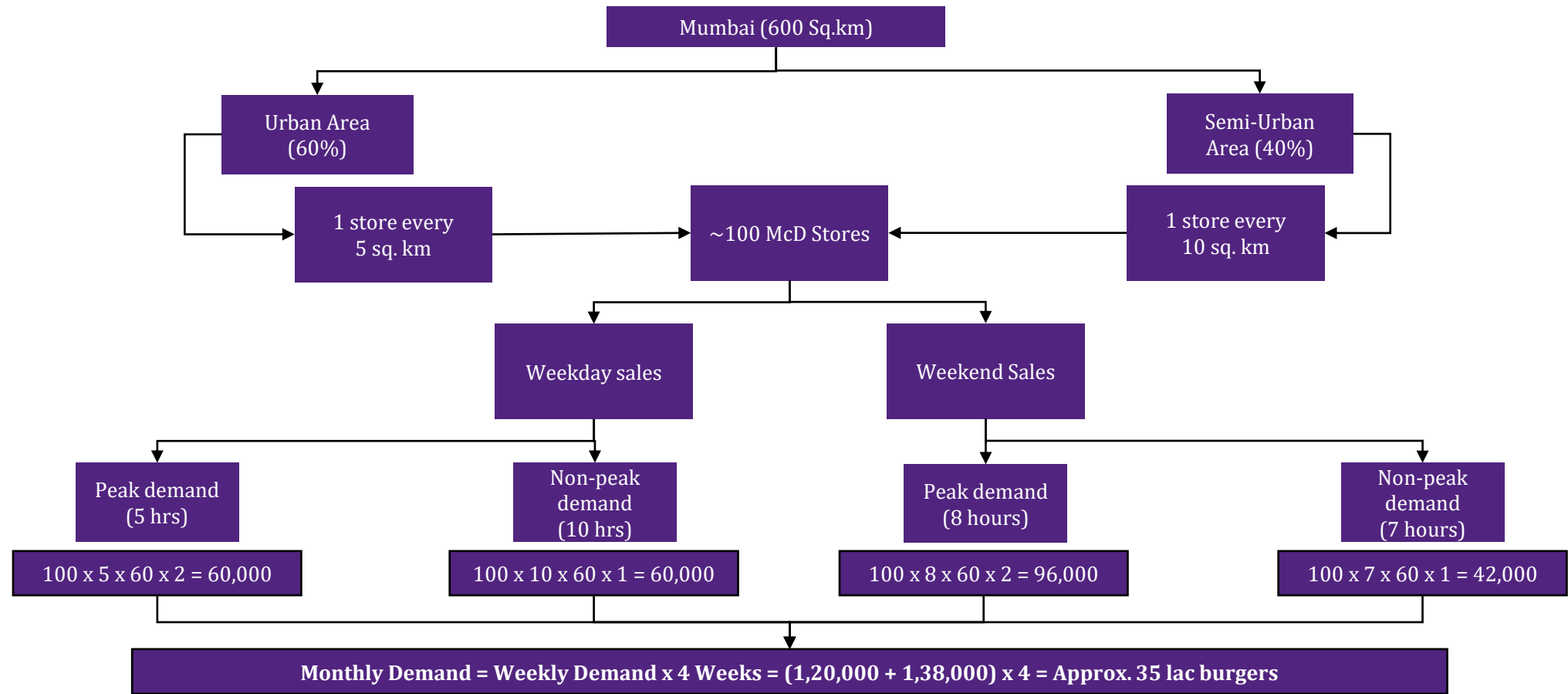
I: Okay!

For weekdays (peak):  $100 \text{ stores} \times 5 \text{ hours} \times 60 \text{ min} \times 2 = 60,000$   
For weekdays (non-peak):  $100 \text{ stores} \times 10 \text{ hours} \times 60 \text{ min} \times 1 = 60,000$   
For weekend (peak):  $100 \text{ stores} \times 8 \text{ hours} \times 60 \text{ min} \times 2 = 96,000$   
For weekend(non-peak):  $100 \text{ stores} \times 7 \text{ hours} \times 60 \text{ min} \times 1 = 42,000$   
Demand for a month = Demand for a Week  $\times 4 \text{ Weeks} = [(1,20,000 \times 5) + (1,38,000 \times 2)] \times 4 = \sim 35$  lac burgers per month.

I: Great, Thank you!

# McDonald's Burgers – Case Structure

**Problem:** Calculate the total number of McDonald's burgers sold in Mumbai in a month.



## Key Insights

- Focus more on the structure rather than arriving at a particular number
- Discuss the structure & assumptions with the interviewer prior to proceeding with the calculations
- Keep the numbers simple, as close to round figures as possible to ease out the calculations



# Coffee Consumption in Airlines – Transcript

**Problem:** Estimate the amount of coffee consumed in Jet Airways domestic flights in a year.

So, I need to estimate the amount of coffee consumed in Jet Airways in a year. Is that correct?

I: Correct!

The total coffee consumption in a year for Jet domestic flights would be a function of multiple factors: (Total no. of domestic planes flying per day) x (Jet Airways share) x (Capacity per plane) x (Occupancy depending on route) x (Proportion of people ordering coffee) x (Amount per serving) x 360 days. I would like to evaluate each parameter individually.

I: Good approach. Go ahead.

For the total numbers of flights, I would like to assume 6 major airports & 20 minor airports. Depending on the time of the day and runways.

I: Okay.

For ever major airport I would like to assume on an average 3 runways and 2 runways for a minor airport. Assuming there are on an average 3 flights on every runway for minor airport & 6 flights per hour for a major airport. For a minor airport total flights per day = 3 flights x 24 hours x 2 runways x 20 airports. Similarly for major airports, total flights per day = 6 flights x 24 hours x 3 runways x 6 airports. Total number works out to be ~ 5,400 flights.

I: Are you sure?

(After few seconds) This number has to be divided by 2 since a flight say from Mumbai to Delhi is counted twice (at Mumbai as well as Delhi airport). The number of domestic flights per day is ~2700 flights.

I: That's right.

Jet Airways has a market share of 20%. So assuming 15% of the above flights are operated by Jet Airways ~540 flights.

I: Okay.

Typically an aircraft has 150 seats.

I: Yes.

Assuming an average occupancy at around ~60%. Number of passenger seats per day works out to be =  $540 \times 150 \times 60\% \sim 48,000$ .

I: Makes sense.

Assuming that an average of 30% passengers in the flight drink coffee.

I: Okay.

Typically in a cup of coffee has 100 ml served. So total coffee consumption in litres =  $93,000 \times 30\% \times 100 \text{ ml}/1000 \sim 1500$  litres.

I: That's for a day.

Right, for a year the consumption would be =  $1500 \times 360 \sim 5.5$  lakh litres.

I: Right. Now Jet Airways needs to reduce its spending on coffee. How would you help them ?

I would suggest the following options:

- Renegotiate Prices with suppliers
- Bulk Purchases
- Hedge the prices
- Reduce the number of types of coffee offered
- Look at alternative suppliers

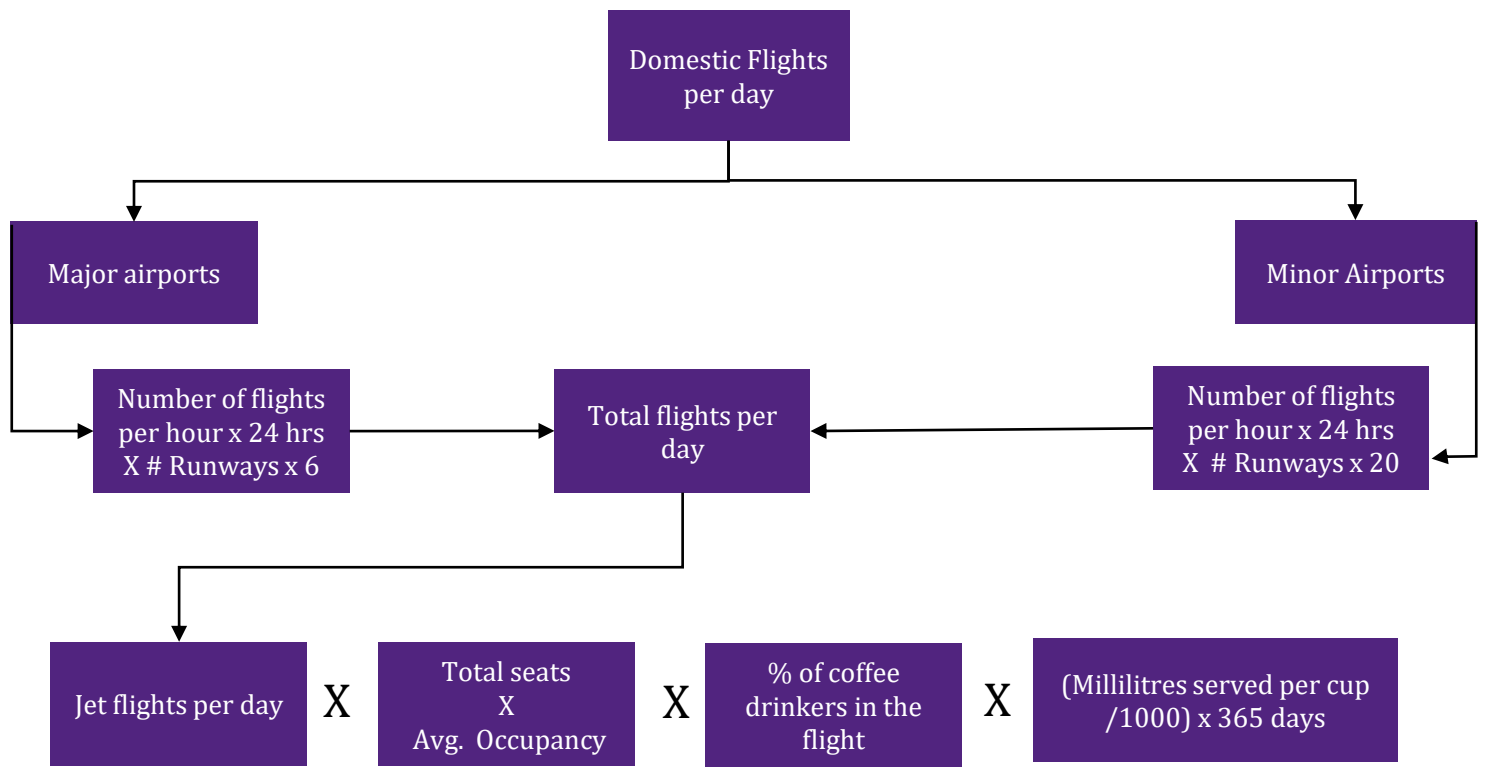
I: That would be all, thank you.

# Coffee Consumption in Airlines – Case Structure

**Problem:** Estimate the amount of coffee consumed in Jet Airways domestic flights in a year.

**Approach**

The total coffee consumption in a year for Jet domestic flights =  
(total no. of domestic planes flying per day) x (Jet Airways share) x  
(capacity per plane) x (occupancy depending on route) x (proportion of  
people ordering coffee) x (amount per serving).



**Key Insights**

- Focus more on the structure and flow of logic than calculations
- Discuss the structure & assumptions with the interviewer at each step
- Try to make an exhaustive approach from the beginning to cover all the parameters that might affect the calculation.

## Dinner Plates – Transcript

**Problem:** Calculate the total number of dinner plates in Mumbai.

I will first find out the total number of plates used in domestic households. Do you think that's a good way to go ahead?

I: Okay that seems like a good starting point.

The population of Mumbai is 20 million. Assuming average household size as 4 in the urban areas, we are looking at 5 million households. They can be divided into income classes – low income, middle income, high income. Assuming total number of plates in a household for each income class, total number of plates can be computed.

I: Okay, where else can you find plates?

All sorts of eating places such as restaurants, dining halls, roadside stalls etc.

I: How will you find number of plates there?

We can calculate total number of people who go out in Mumbai on a single day. Population → income classes → average number of times people would go out in a month ( this can further be narrowed down to weekdays and weekends ) → divide the total monthly demand into per hour basis (assuming restaurant remains operational 8hrs/day) i.e. for a single hour, this will help us calculate the number of people eating together across Mumbai. These will be the number of plates in restaurants.

I: Is that all?

All restaurants will have buffer plates for the next set of customers that come at the restaurant as these plates will need washing.

I: Good point. Where else do you think you can find dinner plates?

Canteens, Cafeterias, Hostel Messes?

I: Where else? What about shops that sell dinner plates?

That is a good point. I did not consider this.

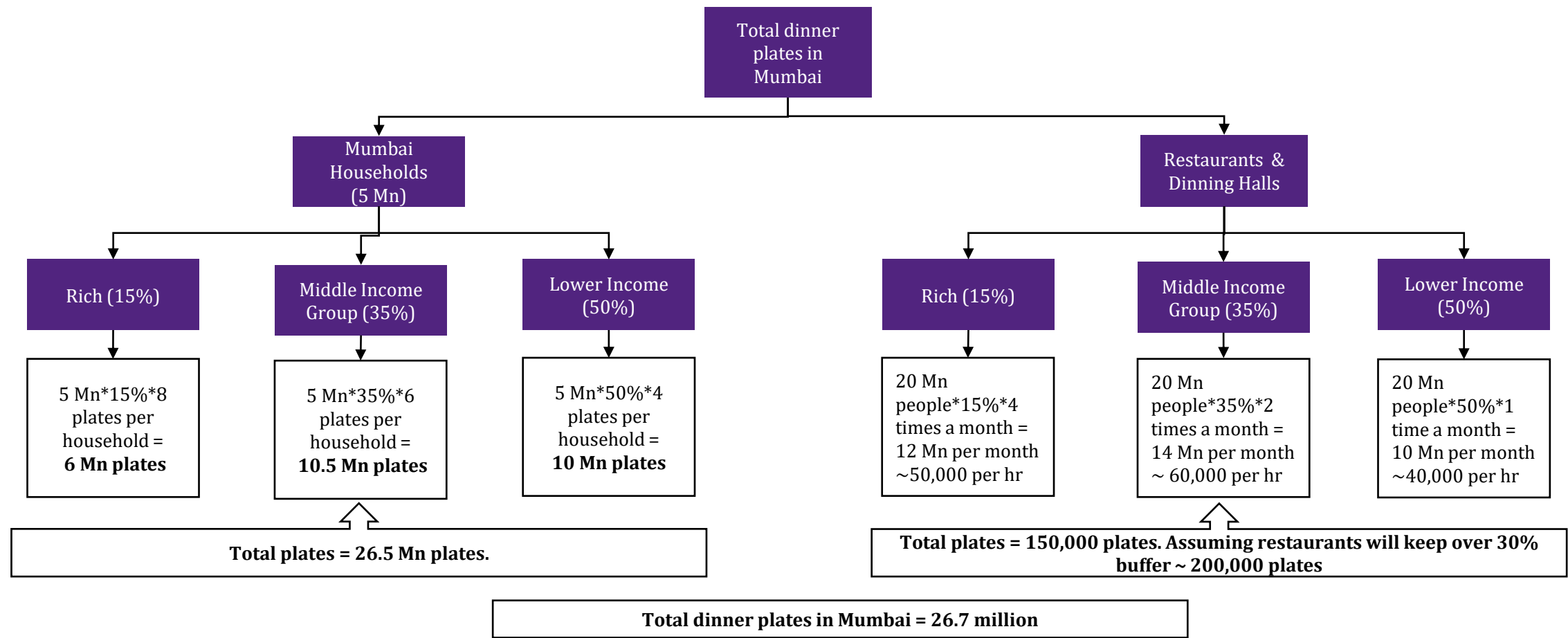
I: For the time being you can exclude those. But proceed with your calculation for the remaining 2 categories.

Okay. Let me quickly lay down the structure (refer to the next page). Number of plates used in Mumbai households = 26.5 Mn plates and Number of plates for restaurants = 0.2 Mn. Thus, total dinner plates in Mumbai is ~26.7 Mn .

I: Thank you.

# Dinner Plates – Case Structure

**Problem:** Calculate the total number of dinner plates in Mumbai.



**Key Insights**

- Focus on covering all the parameters. It's recommended to take a minute to think back, lay down the exhaustive structure and then discuss
- Always pay attention to the exact question being asked. In this case, the candidate had missed the dinner plates for sale – which is a significant part of dinner plates in Mumbai. This could have been avoided. It's a good practice to reiterate the question and confirm your understating

# Denim Fabric Consumption – Transcript

**Problem:** Estimate the amount of denim fabric consumed in Mumbai annually.

Sure. Denim is used to make jeans, bags, shirts etc. Since it is primarily used to manufacture jeans, should I focus on the jeans market for the purpose of the calculation?

I: Yes. Go ahead.

I would consider the demand side approach; I will first divide the population into different income segments and look at the frequency of purchase of each segment.

I: This sounds like a good approach, You can assume the average denim consumption for jeans is 1.5 meters and average life of jeans to be 2 years. Consider male and female purchase frequency to be equal.

Thank you, that is helpful! The formula for denim fabric consumption will be as follows:  
Total fabric consumed = Addressable segment x frequency of purchase x fabric used per pair

I: You may proceed with your analysis.

The population of Mumbai is 20 Million. Of this, 60% are lower class, 20% middles class and 10% upper class. For the lower class, I will assume 50% of men and 20% of women wear jeans as fewer women wear jeans due to a more traditional dressing style. Also, we can assume that the lower-class segment will buy 1 pair of jeans every 2 years.

I: Okay, what about the other income groups?

For the middle and upper class, I will assume that 100% of men wear jeans since it is a common attire and affordability is not an issue. For women, I will assume that 50% middle class and 75% upper class women wear jeans as western wear is more common amongst the upper class. I assume that the middle class purchases 2 pairs a year while the upper class purchases 4 pairs.

I: Go ahead with your calculations.

Let me draw a table to work out the number (Refer to the right half of the page)

I: We may stop the case here. It was nice interacting with you.

Factor	Upper Class	Middle Class	Lower Class
Segment Population Share	10%	30%	60%
Segment Population (Mn)	2.0	6.0	12.0
Males - 50% (Mn)	1.0	3.0	6.0
Females - 50% (Mn)	1.0	3.0	6.0
% of Males Wearing Jeans	100%	100%	50%
% of Females Wearing Jeans	75%	50%	20%
Total Target Population (Mn)	1.75	4.5	4.2
Pairs Purchased Annually	4.0	2.0	0.5
Total Jeans Purchased (Mn)	7.0	9.0	2.1
Average Consumption (Meters/Jeans)	1.5	1.5	1.5
Total Consumption (Meters)	10.5	13.5	3.2
Total Denim Fabric Consumed Annually = 27.2 Mn Meters			

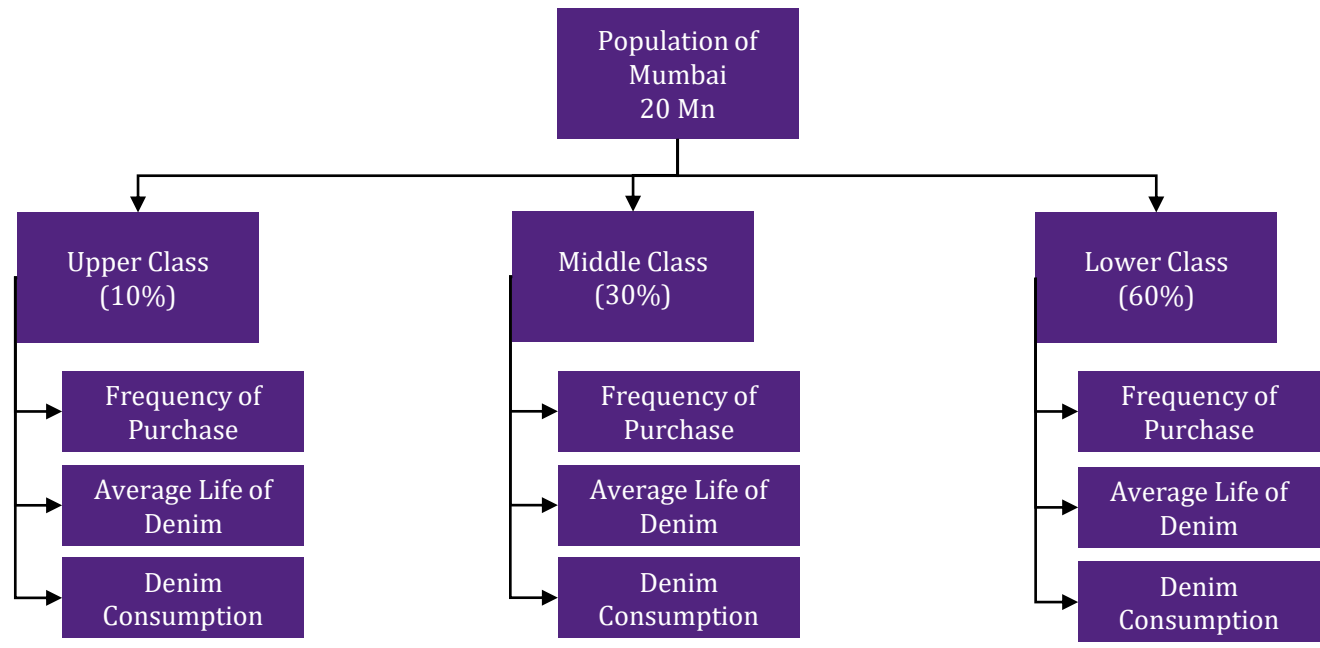
# Denim Fabric Consumption – Case Structure

**Problem:** Estimate the amount of denim fabric consumed in Mumbai annually.

Problem Scoping			
End-Use	Jeans	Location	Mumbai
Social Segments	Lower Class, Middle Class and Upper Class		

**Notes**

Total Denim Fabric Consumed = Addressable segment x frequency of purchase x fabric used per pair



## Key Insights

- The candidate clarified the assumptions initially, to simplify calculations
- The candidate could have considered age as a factor while determining the target population
- Calculation of the inventory of jeans in stores would have made the case stronger



# Dogs in Mumbai – Transcript

**Problem:** Estimate the number of dogs in Mumbai.

I will divide dogs into three categories – domestic pets, stray dogs and police dogs.

I: Makes sense.

I will analyze the domestic pets first by segmenting the population of Mumbai by income groups. Shall I proceed?

I: You may go ahead.

The population of Mumbai is 20 million people. Of this, 20% of the population is high income, 50% is middle class and 30% is low income. In the low income group, I assume 10% of families will keep a pet since expenses such as food, grooming etc. may not be affordable and I will assume 4 people in one family. Since families could own dogs, cats, fish etc., with equitable distribution, 25% of pets will be dogs. This gives me a total of:  
 $5 \text{ Mn families} \times 30\% \text{ of the pop.} \times 10\% \text{ owning pets} \times 25\% \text{ dogs} = 0.04 \text{ Mn pets for the lower class.}$

I: Okay and what about the other income groups?

For the middle income segment, I will assume 50% are pet lovers who will own cats, dogs, fish and other pets. Assuming an equal distribution, 25% will be dog owners. This gives me 5 Mn families  $50\% \times 50\% \times 25\% = 0.31 \text{ Mn pets for the middles class.}$  Similarly for upper class, assuming 60% pet lovers, there will be 5 Mn families  $5 \text{ Mn families} \times 20\% \times 60\% \times 25\% = 0.15 \text{ Mn pets for the upper class.}$  The total domestic pets is  $0.15 + 0.31 + 0.04 = 0.5 \text{ Mn domestic pets.}$

I: Great analysis. What about stray dogs?

Stray dogs generally live in groups of 2-3 and are territorial about their space. I will assume they occupy 10m x 10m or 0.1 sq. km. of space.

I: I see where you are going with this. Would stray dogs be equally distributed across the city?

Stray dogs will be higher in areas with a higher population density such as slums due to easier access to food. I can break up Mumbai into 3 parts – areas with high dog population (30%) such as near garbage disposal areas and slums which will have dogs in packs of 5. Residential societies with medium population density (50%) which will have dogs in packs of 3 and low density areas such as Tech parks (20%) which will have packs of 2 dogs.

I: That’s good. We can leave the calculations for now. For the police dogs, what would your approach? Don’t give me the numbers, just tell me how you would do it.

The area of Mumbai is 600 sq. km. I will assume there would be a police station every 5 sq. km. and then estimate the police dogs per station.

I: Great. We can stop the case here.

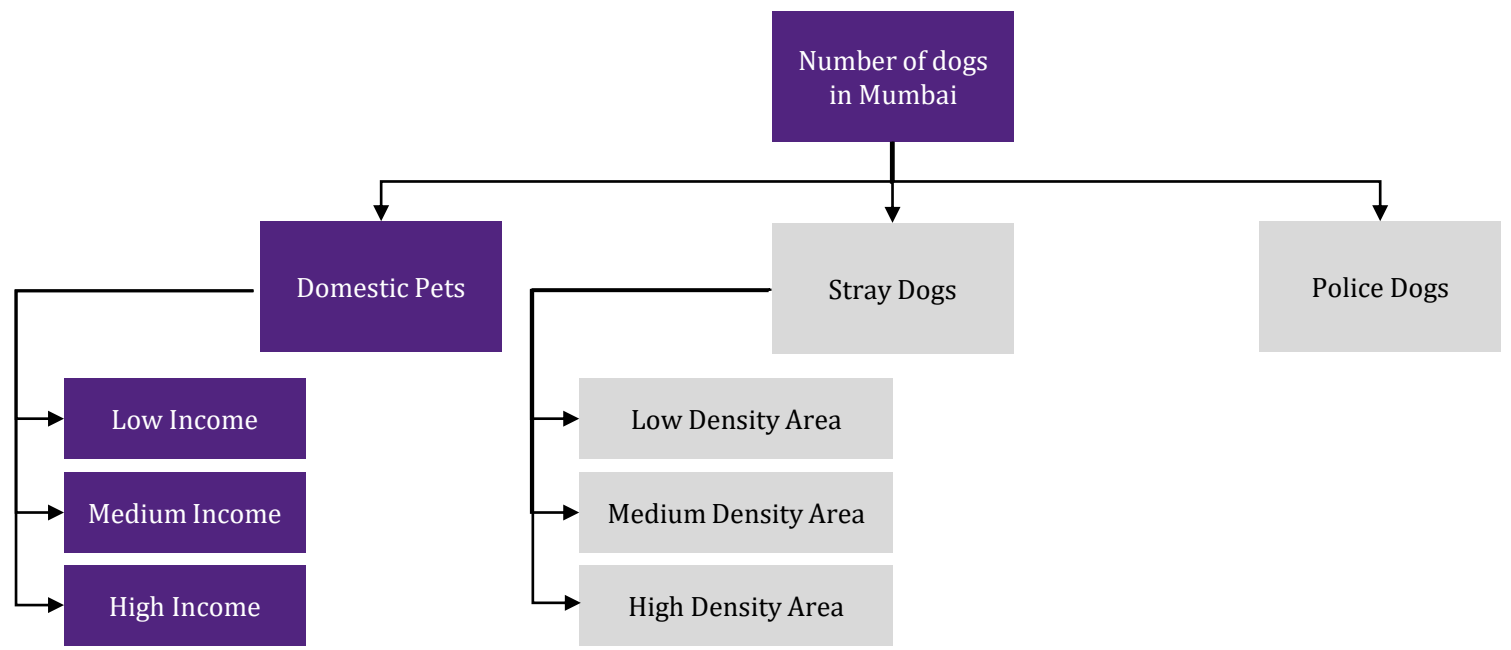
Factor (Domestic Pets)	Upper Class	Middle Class	Lower Class
Segment Population Share (20 Mn)	20%	50%	30%
Segment Population (Mn)	4	10	6
Segment Families (Mn)	1	2.5	1.5
% Having Pets	60%	50%	10%
% Dogs	25%	25%	25%
Total Pet Dogs	0.15	0.31	0.04
Total Pet Dogs = 0.5 Mn			

# Dogs in Mumbai – Case Structure

**Problem:** Estimate the number of dogs in Mumbai.

Notes

Number of pet dogs = No. of families x % who own pets x % of pets that are dogs x dogs per family



Key Insights

- The candidate’s method of segmentation of dogs was good. Adding dogs in shelters would have made the segmentation more exhaustive.
- The candidate missed out on estimating the dogs per family in the equation – there was an implicit assumption of 1 dog per family.
- It’s advisable to run your assumptions by the interviewer as and when they are made

## App-based Two Wheeler Ride Sharing Service – Transcript

**Problem:** What do you think would be the demand for a two-wheeler only app-based ride sharing service in the Bangalore Market?

If I understand the question correctly, you would like me to estimate the size of the two-wheeler ride sharing market, in terms of the number of users in the Bangalore market?

I: Yes. And since you are not from Bangalore, assume the population.

Essentially, we have to look at the market wherein single riders will be using the application. So, I will be starting from the overall population, try to arrive at the number of people who would be using the app, and then further delve into the usage in multiple situations to determine the demand for such an app.

I: That is correct. Please proceed.

Since I don't have an idea about the Bangalore population, I am assuming the population to be close to 15 million, and for the purposes of the calculation, would be close to 20 million. I know this number is on the higher side.

I: Seems about right, for this purpose.

Now, we can divide this population basis the income, as app-based aggregator usage, requires smartphones to operate. The population can be divided into 30% BPL, 30% lower Income, about 30% in middle income and 10% in the upper income. Now, since its a two-wheeler based ride sharing service, we will have to discount the upper income population where the usage would be minimal. Further, we will be discounting the BPL category, since they would typically not have access to smartphones to use such an app. Even within the lower income category, I assume only about 25% of them would actually be using smartphones. Hence, only about 6 million people belonging to the Middle Income, and 1.5 million people belonging to the lower income could be the target income groups for the app.

I: So far so good.

Going further, we would have to divide these 7.5 million people, as per the age demographic. About 65% of India, is below 35, and close to 20% are above 65. Assuming people above 65 would have a problem riding a two-wheeler, especially using a single person transport, and their problems with smartphone usage, we will have to discount this demographic. About 25% are children below 18 and would rarely be using such a service, hence, we would have to discount those. This leaves us with two age groups – 18 to 35 years, and 35 to 65 years.

Only about 40% of people, all belonging to the age group of 18-35 are the primary target audience, and a small percentage of people belonging to the 35-65 age group, would end up using this product. I assume this age group to be 15% of the target market. This gives us about 2 million people. Further, we should divide on the basis of usage of these 2 million people, because a single person ride sharing service would only be used in a few cases.

I: Which are?

So, this could be, commute to the office as the maximum usage, low probability of being used when going out for leisure activities - because a lot of people end up being in groups, and finally, running errands which don't require space.

I: I think that is good enough. We can stop here. One question though. How would your answer change if it was a two-wheeler ride sharing service, where you get the bike at your doorstep and two people can ride.

This now requires the rider or at least one of the riders to know how to ride a bike. Hence, the usage as per income group would still be the same. But amongst the 2 million people who would have otherwise used such a product, we would have to further see the number of riders, which might be close to 40%.

I: Fair enough. Thank you for the analysis.

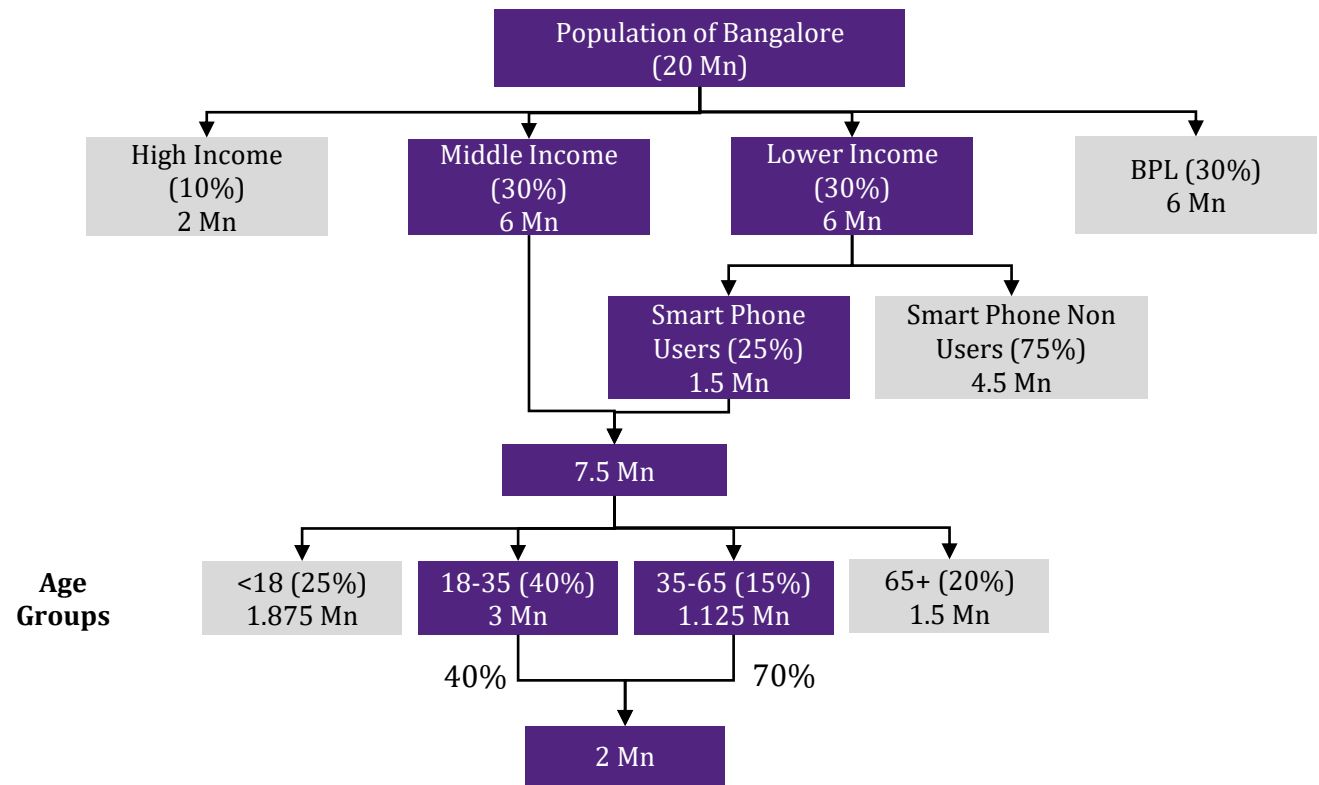
# App-based Two Wheeler Ride Sharing Service – Case Structure

**Problem:** What do you think would be the demand for a two-wheeler only app-based ride sharing service in the Bangalore Market?

Problem Scoping			
Segment	People in the age of 18-65, Smart Phones Users	Location	Bangalore
Social Segments	Lower Income, Middle Income, High Income & BPL		

**Notes**

Market Size = Population x % of population in social bracket x % of population in age bracket x % of population using smartphones x % using two-wheelers



## Key Insights

- The candidate followed a multi-level structured approach
- The candidate accounted for quantitative and qualitative factors

## Replenishment of Currency – Transcript

**Problem:** The Government of India expected it would be able to meet the demand of new notes within 4-5 months post demonetization. It hasn't happened as planned. How much time would it take to replenish currency (demand of notes) in India?

The ask is to estimate the time required to replenish currency notes after demonetization. Is that correct?

I: Correct!

First I would like to divide the population based on income – BPL, lower middle income, upper middle income & high income.

I: That sounds fine.

For every cluster I would then assess the average monetary assets owned and then determine the percentage of monetary assets in bank versus monetary assets in physical form.

I: Fantastic!

The per capita average wealth in India is approximately \$14,500. Based on this figure, I would determine the wealth of each class. Then assess the percentage held in each asset class in monetary and real assets. Post that, I'll further evaluate the percentage of monetary assets held in cash.

I: Go ahead with the calculations.

Total cash assets = Average wealth x % in monetary assets x % held in cash (All numbers in INR)

- Rich:  $50,00,000 \times 30\% \times 15\% = 2,25,000$
- Upper Middle Class:  $20,00,000 \times 15\% \times 25\% = 75,000$
- Middle Class:  $10,00,000 \times 10\% \times 35\% = 35,000$
- Lower Class:  $5,00,000 \times 5\% \times 45\% = 11,250$

I: Why do you think lower income group will have more percentage of assets held in cash than other classes?

The banking facilities & infrastructure in rural areas are not that developed. So I have assumed they will hold a greater chunk of their assets in cash.

I: Great!

Now assuming that 40% of the monetary assets will be held as Rs. 500 notes and 20% as Rs 1,000 notes. Then based on the number of households in each category, total demand of Rs. 500 and Rs. 2000 notes can be computed.

I: Okay.

Let me draw a table for computation (refer next page). Assuming 20% people below poverty line, we can ignore them for this calculation. Next, I will assume 5% in the rich income bracket, 15% in upper middle, 20% in middle & 40% in lower income group. Total households in India are 350 Mn.

I: Okay, go ahead.

There is demand for 9 bn Rs. 500 notes and 1.3 bn Rs. 2000 notes. RBI can print 16 billion notes annually in two shifts. Assuming 70% capacity will be used for Rs. 500 & Rs. 2000 notes, ~11 bn notes can be printed in a year.

I: Great.

So the currency demand is approximately 11 billion, and 11 billion is the annual printing capacity for the Rs. 500 and Rs. 2000 notes. The currency can be replenished in a year, that is, 7 more months would be required.

I: That'd be all. Thank you for the comprehensive analysis.

**Note:** This case makes assumptions on facts and figures at each step. In the interview, a candidate is not typically required to know these many figures; most of the times an approach suffices. We have worked the calculations at our end to demonstrate the complete working of the case.

## Replenishment of Currency – Case Structure

**Problem:** The Government of India expected it would be able to meet the demand of new notes within 4-5 months post demonetization. It hasn't happened as planned. So, how much time would it take to replenish currency (demand of notes) in India?

	Category	Rich	UML	ML	LC	
A	% Households	5%	15%	20%	40%	20% are assumed to be below poverty line and are excluded
B	Households Mn	17.5	52.5	70	140	
C	Total Assets	50,00,000	20,00,000	10,00,000	5,00,000	Wealth per household bifurcated for each class: Assumed that Rich will have 5X, UML 2X, ML 1X and LC 0.5X of average wealth (\$14,500 x 70 ~ INR 10L)
D	Monetary Assets	30%	15%	10%	5%	
E	Cash Assets	15%	25%	35%	45%	
F	Total Cash Assets	2,25,000	75,000	35,000	11,250	Total cash assets per household = C x D x E
G	Rs 500 (40%)	90,000	30,000	14,000	4,500	
H	Rs 1000 (20%)	45,000	15,000	7,000	2,250	
I	Total Demand - 500 Note	3,150	3,150	1,960	1,260	Total Rs 500 notes demand = [G/500] x B
J	Total Demand - 2000 Note	394	394	245	158	Total Rs 2000 notes demand = [H/2000] x B
K	Total Currency demand for 500 & 2000	10,710 Mn				Sum total I & J
L	RBI Annual Currency capacity for 500 & 2000	11,200 Mn				
M	Time required	~12 months				[K/L] x 12 months
All numbers in the above table are in INR						

### Key Insights

- Clarify assumptions with the interviewer; at times you may be asked to clarify what you are assuming in which you must provide a logical backing
- In a number-heavy case, round-off the numbers in such a way so as to simplify the calculations.



# UNCONVENTIONAL CASES

## Hotel Business – Transcript

**Problem:** Your client is a 5-star hotel owner who wants to improve their customer service with help of new technology. Now the client is thinking of bringing in Self check-in kiosks that will replace the current staff for check in. Advise the client.

Our client is a 5-star hotel owner who wants to improve their customer service self check-in kiosks that will replace the current staff for check in.

I: Correct!

May I know the objective behind using kiosks in the hotel ? Will they bring in additional revenue?

I: Yes. It has been estimated by our analysts that the bookings would increase by 25%.

I would like to divide the revenue from the hotel into 3 parts – average price per room, average occupancy and total no. of rooms in the hotel. Can you provide me more information in this respect?

I: Currently we have 180 rooms occupied per week. Kiosks would increase the occupancy rate by 25%. Average price per room per night is \$400. Average stay of a guest per room is 2 nights.

Okay. May I know how many kiosks need to be installed and how will they replace the employees?

I: We will require 25 kiosks, which will replace 10 employees working at the reception.

Do we have any data on the costs of the kiosks and salaries of the employees?

I: Yes. Each kiosk would cost \$350,000. Salary of every employee is \$ 90,000 per annum.

So, we need to calculate the increase in revenue and compare it with the increase in cost. Do we have a time horizon for break-even?

I: Yes. The change should be profitable by the end of 3 years.

Okay. So, 25% increase in room occupancy of 180 will be 45 rooms. Price per room is \$400. So, for a year the increase in revenue will be  $45 \text{ rooms} \times \$400 \times 2 \text{ night stay/room} \times 52 \text{ weeks} = \$1,872,000$ .

I: Please go ahead.

We can also add the cost saved by relieving the employees which will be  $\$90,000 \times 10 = \$900,000$  per year. So, total positive cash you'll have in a year is  $1,872,000 + 900,000 = \$2,772,000$

I: Okay. What about the incurred cost?

Each kiosk would cost us \$350,000. 25 kiosks would cost  $350,000 \times 25 = \$8,750,000$

I: This is okay, but is this the cost we will incur per year or is this the capital expense?

It is a capital expense. We can depreciate the cost of kiosk over its life. Can you tell me the lifetime of a kiosk?

I: Consider the life of a kiosk to be 5 years.

Can I assume considering straight line method of depreciation over 5 years? Are there any maintenance costs?

I: Please, go ahead. Consider it to be 10%.

Considering straight line method of depreciation over 5 years, annual fixed cost of kiosks will be  $8,750,000 \times 20\% = \$1,750,000$ . Total maintenance cost for 25 kiosks is \$875,000. Hence, annual cost of kiosk is  $1,750,000 + 875,000 = \$2,625,000$ .

I: So, what do you suggest?

To summarize, we observe that the total cash flow per annum is \$2,772,000 while the total costs per annum is \$2,625,000.

I: Yes, please go ahead.

The total benefit out-weigh the costs. Therefore, we should go ahead with this transition. In future, we should monitor if there is any way to leverage this automation and try to have better room occupancy rate.

I: Okay, that will be all.

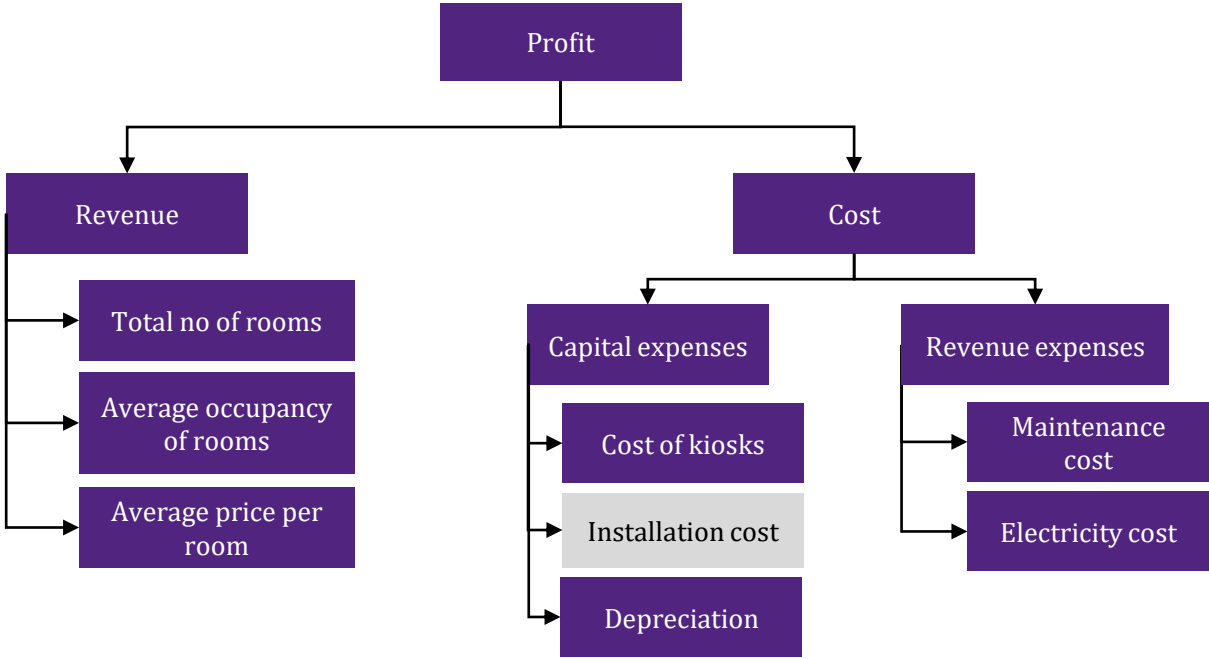
Thank you.

# Hotel Business – Case Structure

**Problem:** Your client is a 5-star hotel owner who wants to improve their customer service with help of new technology. Now the client is thinking of bringing in Self check-in kiosks that will replace the current staff for check in. Advise the client.

Problem Scoping			
Objective	Bookings expected to increase by 25%	Target Segment	Rich and upper middle class

Notes
Revenue from a hotel = Total no. of rooms x Average occupancy x Average price per room x Time period Revenue from a hotel = 45 rooms x \$400 x 2 night stay/room x 52 weeks = \$1,872,000
Total earnings = Revenue from rooms + Cost savings from relieved employees - Cost of kiosks per annum Total earnings = \$1,872,000 + \$90,000 x 10 = \$2,772,000 - \$2,625,000 = \$147,000
Cost of kiosks per annum = Total cost of kiosks/ no. of years + Maintenance costs Cost of kiosks per annum = (\$8,750,000/5) + \$875,000 = \$2,625,000
Benefits of setting up kiosks = Improved brand loyalty, Quicker service, Real time updates, Customer privacy and security



- Key Insights**
- The key to solving this problem was identifying the underlying objective of revenue growth
  - Communication of revenue structure was clear. The cost structure should have been communicated before analysing capital and revenue expenses
  - The candidate could have explored other qualitative benefits of setting up of kiosks apart from stating the cost benefit analysis



# Child Education Rank– Transcript

**Problem :** Jharkhand Chief minister has hired you as a consultant. They had the last rank in a survey conducted by NITI Aayog on Children Education. Find out reasons for the same.

I would like to confirm that the key problem I need to focus is on the poor rankings of Jharkhand state in the survey conducted by NITI Aayog on Child Education. Is there any other objective I need to keep in mind?

I: No, you can go ahead.

I would like to ask few preliminary questions before we begin with the case. The survey was conducted across students of which grade and school? Was it conducted for both public and private schools?

I: Good question. The survey was conducted for students who are in grade 1-5 and the survey was done only for the public schools.

Also, how was the survey conducted? What was the survey based on?

I: The survey was based on students who appeared in a national test and samples were selected on random basis.

I would like to look at the following five buckets to analyse the problem:

1. Curriculum
2. Faculty
3. Infrastructure and Resources
4. Sampling Error
5. Non – school factors

Do you want me to go ahead with any particular bucket first?

I: Yeah that seems fine. You can go ahead.

How is the course curriculum for Jharkhand Public schools? Is the course curriculum at par with other state public school's syllabus?

I: Yes, the curriculum is at par with other state public schools.

Okay, next I would like to look at the faculty. Do we have any shortage of faculty to teach students? Also, what is the mix of faculty in terms of old and new faculty? Are all of them permanent?

I: There is no dearth and all faculties are well experienced. There is a good mix of old and new faculties and all are not permanent.

Okay in that case, I would like to know whether faculties competent enough? Also, what is the mix of permanent employee's vs non- permanent employees? And how is the pay structure for both?

I: The new faculties are competent enough. Yes, in fact, the problem is with ad hoc faculties. The ratio of permanent to ad hoc faculty is 60:40 and the ad hoc faculty have less pay structure as compared to permanent faculty. And hence they are less motivated to perform.

That seems to be a key problem. Can Jharkhand government hire more permanent employees?

I: There is litigation against Jharkhand government which is preventing them to hire more permanent employees.

In that case I would like to go ahead. Next I would like to look at Infrastructure and Resources and sampling method.

I: There is no issue with Infrastructure and Resources. The sampling was unbiased and random. Why don't you look into non-school factors?

Sure. In that case I would like to know about allocation of funds by state government to public schools. Are the schools getting sufficient funds?

I: School are getting sufficient funds.

How efficiently is the state administration performing its duties? Is there any slack?

I: Yes, there is an issue with district education officers. They are not performing because their incentives are tied to number of enrolments in school and not to student's performance. What other factors would you like to look at if we had to consider the merger of poor performing schools or schools which are in low density area.

We could look at following five factors:

1. Student/teacher ratio in previous school and central school formed after merger
  2. Cost of running the new school
  3. Infrastructure and employees
  4. Legal issues
  5. Transportation to ensure that the students from previous school reach to new merged school.
- Would you like me to analyse these buckets further?

I: No this is comprehensive. That would be all. Thank you!

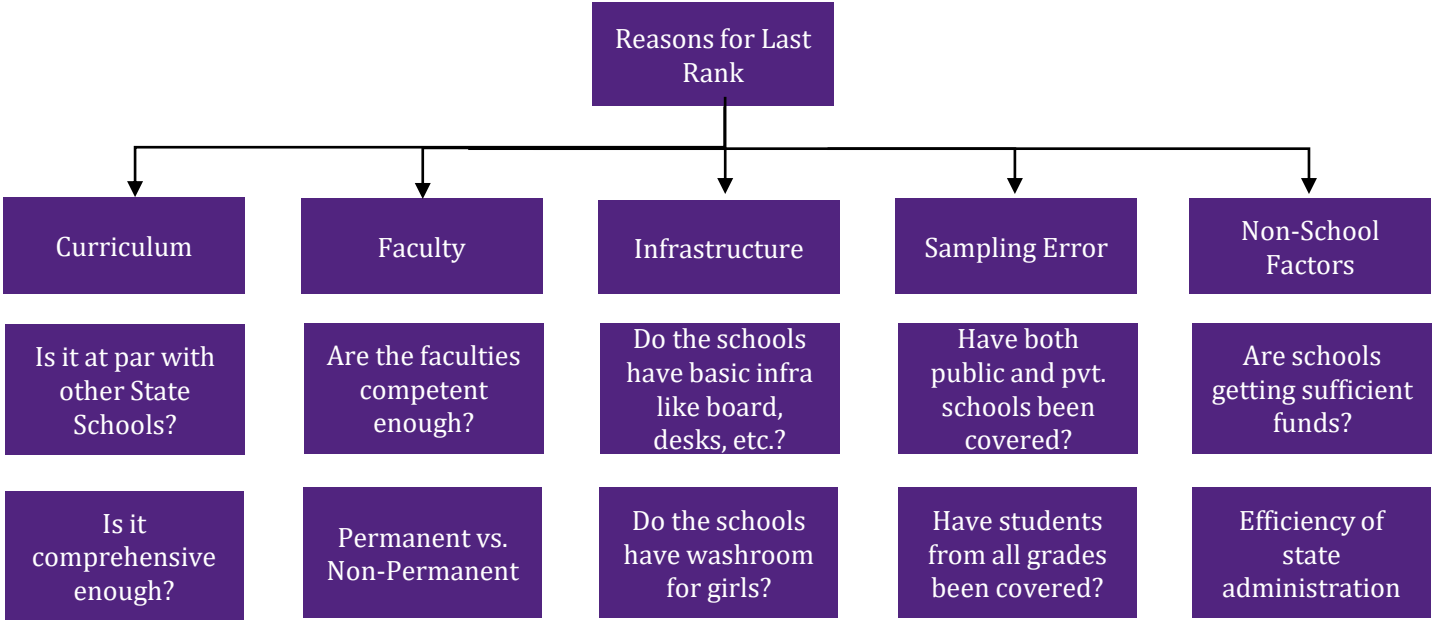
# Child Education Rank– Case Structure

**Problem :** Jharkhand Chief minister has hired you as a consultant. They had the last rank in a survey conducted by NITI Aayog on Children Education. Find out reasons for the same.

Problem Scoping			
<b>Objective</b>	Find out reasons of last rank in NITI Aayog Survey on Children Education	<b>Factors</b>	Curriculum, Faculty, Infrastructure, Sampling Error, Non–school factors
<b>Type of School</b>	Only public school students in grade 1-5 were considered for the survey	<b>Sample Selection</b>	Samples from students who appeared in a national test were selected on random basis

Factors to be considered while merging schools
Student/teacher ratio in previous school and central school formed after merger
Cost of running the new school.
Infrastructure and employees
Legal issues
Transportation to ensure that the students from previous school reach to new merged School

Other Factors
Implementation of mid day meal program should also be considered
Parents’ apprehension towards sending girl child to school could also have been considered



**Key Insights**

- The scoping questions regarding the sample considered for the survey made the structure comprehensive
- The candidate could have tried to understand the litigation better and give solutions or suggestions around the same

## Improving Water Accessibility – Transcript

**Problem :** The Government of India has approached us regarding water problems. How should we go about it?

I would first like to confirm the case. The Government of India has approached us regarding water problems and we need to advise them on this issue. Is there any other objective?

I: Yes that is right.

I would like to ask some background questions to get my understanding right. What is the problem that we are trying to address? Is it water availability or water quality? Who is the end user impacted here? Is it the general public, farmers or industrialists? Is it state specific or for the whole country? Lastly, what is the source of water being referred to here? Is it rainwater or water from rivers?

I: The problem at hand is of water availability to the villagers of Rajasthan. The source of water is rivers.

When it comes to rivers, it is important to consider whether the rivers are perennial or seasonal. Also, how do villagers access the river for water?

I: The rivers are seasonal and tend to dry up during summers. The villagers approach the rivers themselves with earthen pots to fulfill the requirement.

I would now like to scope the problem into districts being impacted and accessibility. Is the problem particular to the villages adjacent to this river? Also, can we work on the accessibility part where the government can boost access in the regions impacted?

I: Yes you are right. The issue is pertinent to the villages adjacent to this river. We can surely work on the accessibility part. Can you please share your inputs on the same?

To boost the accessibility of water the government can think in these directions:-

1. Installing pipelines and transferring water from abundant areas in dry seasons
2. Rainwater harvesting
3. Tankers
4. Joining rivers
5. Groundwater

I: Can you explain me these solutions in detail?

Sure. Pipelines can be installed in these specific districts and water sourced from areas where there is water in abundance. However, this would require abundant capital expenditure.

Rainwater has always been an issue in Rajasthan and it might not be a viable solution. Tankers would be required to boost accessibility in the short term as other solutions would take years to establish. Joining rivers would be a very ambitious task considering the land acquisitions and environmental clearances required. Lastly, groundwater might also not be a viable solution considering the state of Rajasthan. Hence, I would say we can consider tankers in the short term and pipelines in the long term.

I: Fair points. However I am concerned regarding the costs that pipelines would entail and whether we would be able to generate adequate benefits to offset the same. Could you please help me with that?

Pipelines indeed is a capital intensive solution to this problem. However, we can optimize the same by strategically choosing the right areas to source water from. We have to consider both abundance and distance.

Regarding benefits generated, since water is a basic need, fulfilling this requirement will ensure higher productivity of the people there. On a long term perspective, the people of those districts will be healthier and their incremental contribution to the country's GDP will be higher than the initial costs to set up the pipelines.

I: Good points. Would you like to summarize the case for me?

Few districts in Rajasthan are facing water supply issues owing to seasonality of river and low accessibility. The short term solution to this problem would be to have tankers supply water to these districts and on the long term pipelines would be a good solution. The benefits of pipelines can be accessed on a long term basis where we can consider that since water is a basic need fulfilling water requirement would boost productivity of the residents of the village and the incremental GDP contribution will be higher than initial costs.

I: Thank you. I have no more questions.

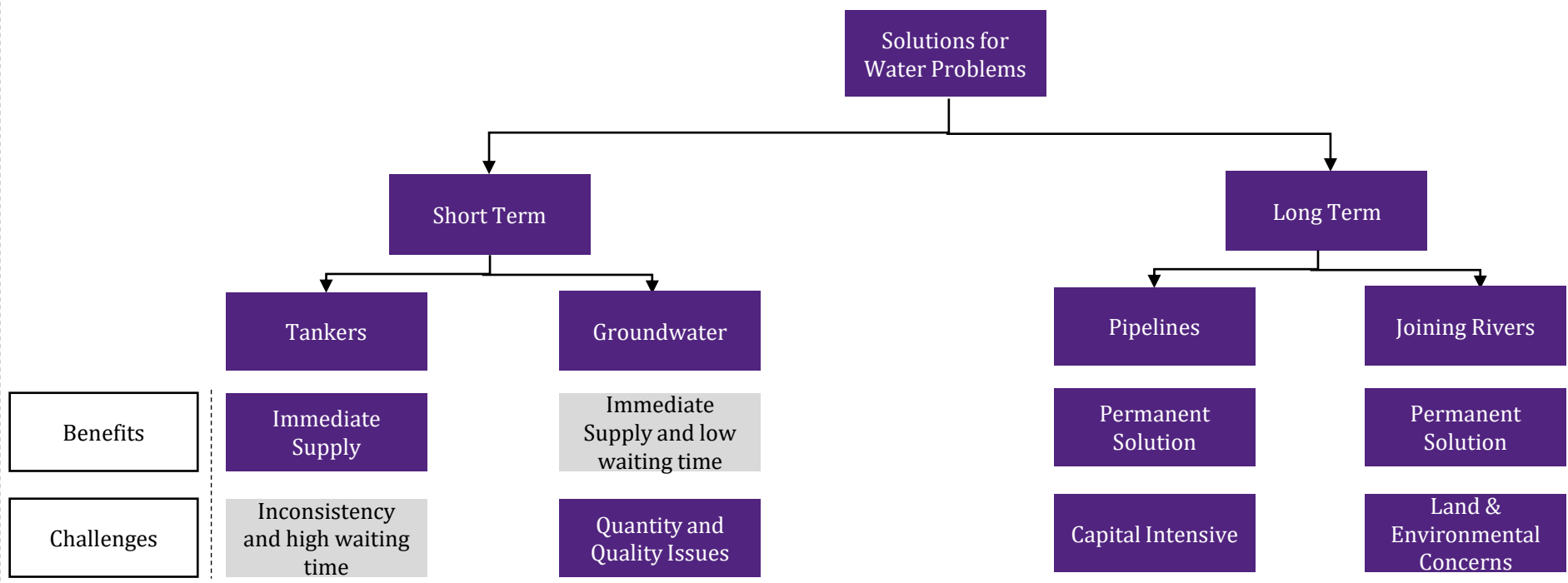


# Improving Water Accessibility – Case Structure

**Problem :** The Government of India has approached us regarding water problems. How should we go about it?

Problem Scoping			
Objective	Advise the government regarding water problems	Problem	Water availability or quality
End User	General public, farmers or industrialists	State Impacted	Rajasthan
Source of Water	Seasonal Rivers		

Notes
Government has the ability of taking up long term capital intensive projects like building pipelines and joining rivers
The benefit the government generates can be intangibles like incremental contribution to GDP which are difficult to measure



## Key Insights

- Identifying the problem (water accessibility in this case) was the key to cracking the case
- The candidate scoped in all directions including definition of problem, end user impacted, location and source
- The candidate gave all solutions possible to the problem and then delved into suitability for the state

# Increasing GDP of India– Transcript

**Problem :** The Government of India wants your advice on how to increase the GDP growth rate of the country.

I would first like to understand the time frame considered for this task and the growth rate targeted?

I: The government is targeting to increase growth rate from 4.3% to 6% in two years.

Is it fair to assume that the current pandemic scenario needs to be taken into consideration?

I: Yes. The impact of COVID has to be taken into consideration.

The pandemic has impacted the economy in this financial year with IMF having slashed India's growth forecast to -4.5%. This will create a low base effect and the economy will have to grow by not more than 1.5% from current GDP levels to reach that position.

I: A very fair point. How would you advise us to achieve the same?

The GDP of the economy can be calculated using expenditure, income and value added approach. I would like to go ahead with expenditure approach to approach the case. Will that be fine?

I: Yeah that seems fine. You can go ahead.

The GDP can be calculated as the summation of  $C+I+G+X-M$  where:-

C: Consumption

I: Investment

G: Govt Expenditure

X-M: Net Exports

I would like to discuss each and every category and the scope of improving expenditure

I: Please go ahead

Consumption will be poor this year due to lower income and also lower scope of expenditure owing to lockdown. People will cut down on luxuries as well. Though it might not be possible to see growth here, however, it is very much possible to cut the degrowth.

The government should mobilise consumer goods supply chains and clear inventories to create demand. The focus should be on electronics, FMCG and medical supplies as they can be consumed while sitting at home.

Probably reducing taxes on the products taking into consideration the demand elasticity of the same might help boost expenditure.

I: Fair point. How do we boost investments?

I would like to structure investments into domestic and FDI.

Domestic investments will be low this year as corporates are already struggling to clear their inventory. However, when the economy bounces back next year fresh investments are expected. The government can play a substantial role here by expanding the SEZ area of the country, giving tax rebates, etc. on investments.

To attract FDI, the government can loosen restrictions on investments in areas like defence and airspace which global players have been eyeing.

I: What would you recommend us to do?

The government has a key role in reducing the degrowth this year. Since migrant labourers have returned to their villages, the government can use this as an opportunity to boost road infrastructure. The government can allocate funds to the Bharatmala project and use this as an opportunity.

I: Sounds like a good idea. Even funds from MNREGA scheme can be leveraged for this plan. What are your thoughts on Net Exports?

Well, India has traditionally been a net importer; however, this year we can expect a surplus as oil prices are at all time low. Also, since we are a net exporter of services increasing SEZ area might help here as well. We can expect a boost in IT exports as companies would now give more importance to digital and cloud.

I: Can you summarize your suggestions for me?

Sure. To increase consumption, I would recommend the government to work on improving supply chain and reducing taxes on electronics, FMCG and medical supplies keeping into consideration the demand elasticity.

To boost investments, the government should expand SEZ areas and loosen restrictions on FDI. The government itself should increase its focus on the Bharatmala project and employ the migrant labourers. Net exports should not be a problem this year due to low oil prices and increasing SEZ areas might help boost exports as India is a net exporter of services.

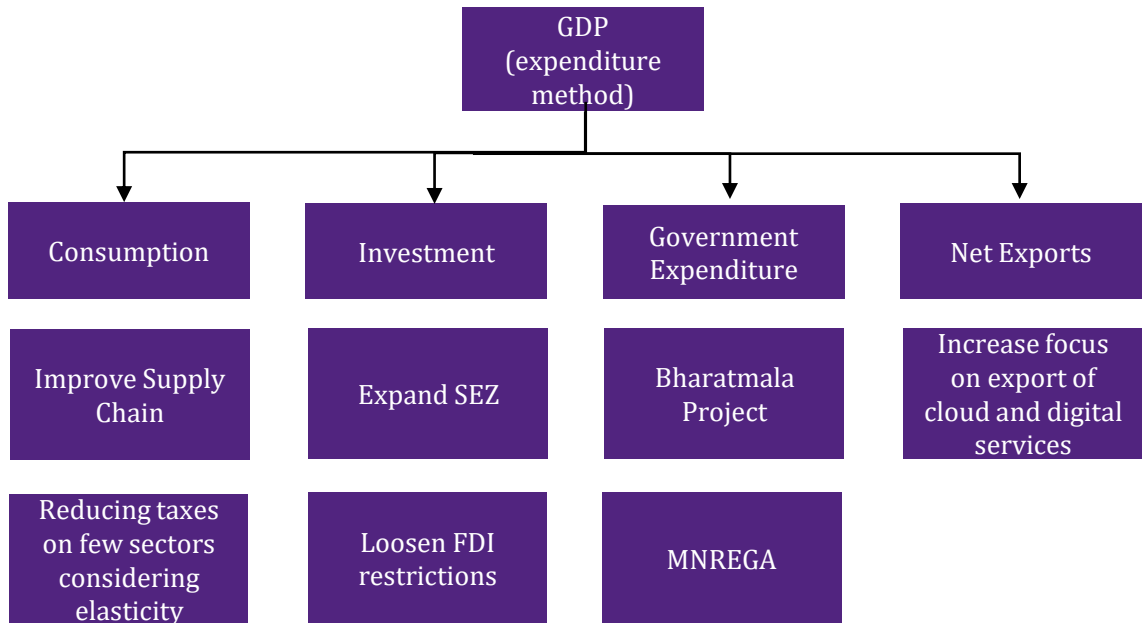
I: Well summarized. Thank you.

# Increasing GDP of India– Case Structure

**Problem :** The Government of India wants your advice on how to increase the GDP growth rate of the country.

Problem Scoping			
<b>Objective</b>	Advise the government on steps to increase GDP growth rate	<b>Target</b>	Increase growth rate from 4.3% to 6%
<b>Timeline</b>	2 years	<b>Other Considerations</b>	The impact of COVID has to be taken into consideration

Year	Growth Expected	Growth Required	GDP (in USD trillion)
FY 2020			2.80
FY 2021	-4.50%		2.67
FY 2022		6%	2.83
Increase from FY21 to FY22		6%	<b>0.03</b>
Growth overall in two years			<b>1.23%</b>



**Key Insights**

- The candidate simplified the structure of the case and ensured MECE
- The candidate clarified his assumptions regarding COVID and overall growth calculations

# Increasing India's Medals Tally in Olympics– Transcript

**Problem :** How would you advise the government of India to triple the number of Olympic medals won by India from 3 to 9?

To reiterate, the government is seeking our advice on how to take India's medal tally from 3 medals in the previous Olympics and triple the number to 9. Is my understanding correct?

I: Yes. That is correct.

There are some preliminary questions which I want to clarify. What is the timeframe that we are currently looking at to triple the medal count?

I: You may consider 8 years as the timeframe.

Is there any sport that we are looking to target?

I: No, that depends on you.

Are we looking at the Summer, Winter or Paralympics?

I: You may focus only on the Summer Olympics.

Are there any capital constraints?

I: There are no capital constraints as such.

I would like to discuss four areas that the Government should consider exploring in its strategy:

1. Selection of Sports: Which sports the government should choose to focus on
2. Developing Infrastructure: Determine where the spending on infrastructure should be targeted
3. Adequate Monetary Incentives – Provide adequate incentives to ensure long-term engagement with the sport
4. Post retirement financial security – Ensuring financial security post retirement given the short lifespan of a sportsperson's career

I: That seems fair. Please go ahead.

Regarding the selection of sports the Government should consider the following:

- Since the timeline is 8 years, choose the sports where the infrastructure is already developed to provide a reasonable space to train
- The government can also consider choosing sports where the country has won medals in the past if the coaches and players are already in place

I: What would be your advice towards developing infrastructure?

Grassroots level sports is handled by respective State Associations which run on a limited budget. Adequate funding has to be provided to these institutions to improve existing infrastructure. Additionally, following the model of other countries with higher medal tally's, residential academies providing food and accommodation at an early age will be essential for success.

I: Why not outsource all of this to a Private Company?

Private companies are likely to be concentrated in the cities and may not have the same reach as the Government. A lot of talent comes from the remote areas as well.

I: Fair enough. Please continue.

For monetary incentives, if children are spotted at an early age, food and accommodation can be provided for. The federations can also consider giving parents a stipend which will encourage them to have their children enroll in sports programs for a longer duration. It will essentially serve to incentivize parents to pursue a long-term engagement with the school.

I: Okay. Can you explain your advice on post retirement financial security?

Ensure post retirement financial security. This can be in the form of coaching, commentary or other vocational training so that athletes are employed and have a decent livelihood.

I: Great. Can you summarize the case?

To increase the medal tally of India from 3 to 9 in the Summer Olympics Games in 8 years the Government needs to focus on four areas. They need to choose the right sports that they want to develop, where the adequate infrastructure is already in place and the country has a history of producing good athletes from. Infrastructure development needs to be done in grassroots level and to this cause State Associations adequately funded. Both the athletes and their parents need to be provided with monetary benefits so that they are enrolled in sports for a longer duration. Lastly, the athletes need to be given post retirement benefits which can help them earn a livelihood post retirement.

Well summarized. Thank you.

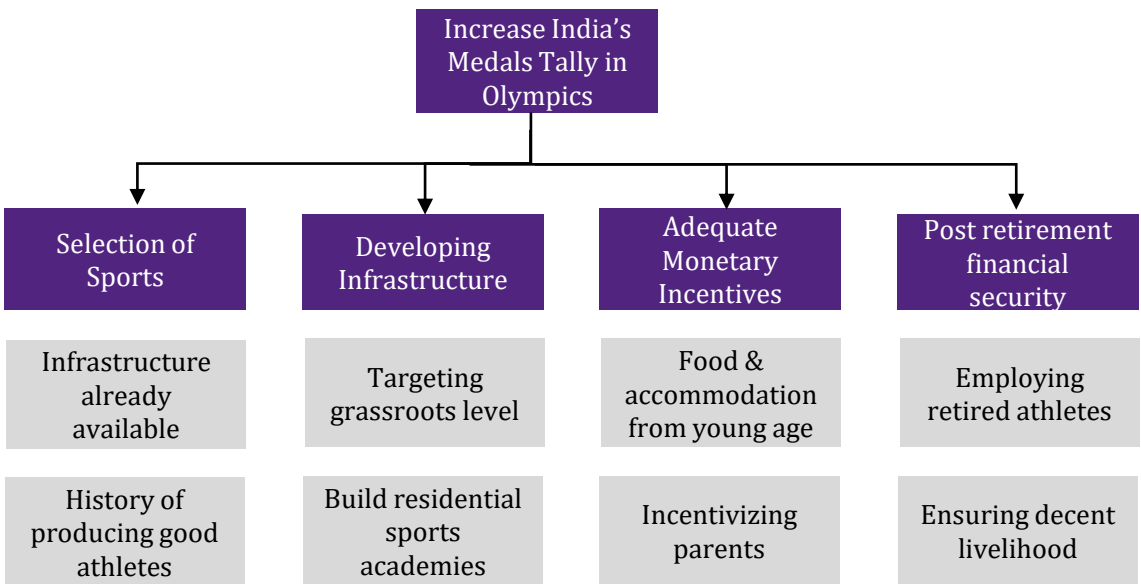
# Increasing India's Medals Tally in Olympics– Case Structure

**Problem :** How would you advise the government of India to triple the number of Olympic medals won by India from 3 to 9?

Problem Scoping			
Objective	Increase India's medal tally in Olympics	Timeline	Infrastructure and lack of 5 start hotels

Notes
There are no capital constraints.
The focus is only on Summer Olympics.
Government should itself take steps and not leave it to private companies as the government has a better reach at the grass roots level.
8 years is short span of time considering the task at hand, hence it is essential to develop on current strength. For example, sports where India has traditionally been doing well should be focused on.

Other Factors
Information on where the next two Olympic Games are being hosted might help as the host country gets to select new sports to be added to the games and selection of an Asian country as host might add sports like Karate and T20 Cricket which might be beneficial for India.
Special focus could be given to the children within age bracket 10-16 as they will be the potential representatives of India in the coming 8 years. Right selection along with special focus on them might help increase tally



- Key Insights**
- The scoping questions asked by the candidate regarding timeline and selection of sports structured the case well
  - The candidate covered all areas from present training, infrastructure and incentives to post retirement

## Power Distribution Business – Transcript

**Problem:** There is a power distribution firm servicing Mumbai, based in its outskirts. It is facing distribution loss and wants to resolve this problem.

So, there is a power distribution firm facing distribution loss on outskirts of Mumbai. I need to resolve the problem. Right?

I: Correct!

Can you tell me more about the operations set up of this firm?

I: There are two levels, P & Q, of power transmission. P is external and mainly involves electricity loss in transit while Q is internal to the city and along with transit loss also sees loss due to theft or manipulation of meters.

I would first like to assess the loss at level P and then move to Q. Is that alright?

I: Very well, go ahead.

At the P level, since it is only transit loss, it could be due to the large distance to be traversed from the outskirts of the city to it. I would like to take a few minutes to structure the solutions.

I: Sure, go ahead

Okay. I can bucket the solutions into 3 parts - Shift the power center closer to the city, reduce this loss via better maintenance or increasing the frequency of repairs & maintenance work at the P level

I: The power centre is fixed, nothing can be done here. Nothing much can be done for better maintenance. Increasing the frequency can help slightly.

Alright. In that case, increased frequency can be a possible solution. I would now like to understand the Q level. At Q level, the main reasons for power loss happen to be due to transit, theft or meter manipulation. May I know the weightage of each of these?

I: That information is unavailable.

Alright. In that case I shall look at each of these factors equally. For transit loss, there can be maintenance issues or inefficiency caused due to old wires.

I: Yes, the old wires are a problem. You can move on to the other factors.

So manipulation of meters is a factor. Meter manipulation would happen in certain areas of the city, perhaps in a certain type of colony based on income levels or political clout.

I: Okay. So what is the solution to this?

Can I get information of the areas of the city where this happens?

I: We know a few broad regions but again, no data specifically available.

I would suggest 2 solutions to overcome meter manipulation. First, increased surveillance via existing CCTV cameras. We can tie up with the local police. Second, installing smart meters, which would detect if tampering happens.

I: Existing CCTV suggestion is fine. But it is not prevalent in all areas. Can you tell me more about the feasibility of the smart meters installation.

Can I get more information about the cost of smart meters and the revenues of the company.

I: The firm's revenues are 7000 cr and cost of installing smart meters is 3000 cr.

The cost of smart meters is very high. I assume this will also involve R&D costs, so it won't be profitable to go ahead with smart meters.

I: Okay. You should now look at the remaining factors.

Theft of electricity by changing lines – this could be done by two types of criminals – petty and sophisticated. Petty would be from the lower income groups and their methods would be primitive and easier to thwart. Sophisticated would be the ones with strong underworld connections or political motivations. Their methods would be far superior and difficult to thwart.

I: Interesting. What is the solution?

So if petty criminals are to be stopped, a simple solution could be an extra layer of protection or insulation on the wires which would be difficult to cut or manipulate with simple tools. I assume this wouldn't cost much. Further, CCTV surveillance would help catch the criminals.

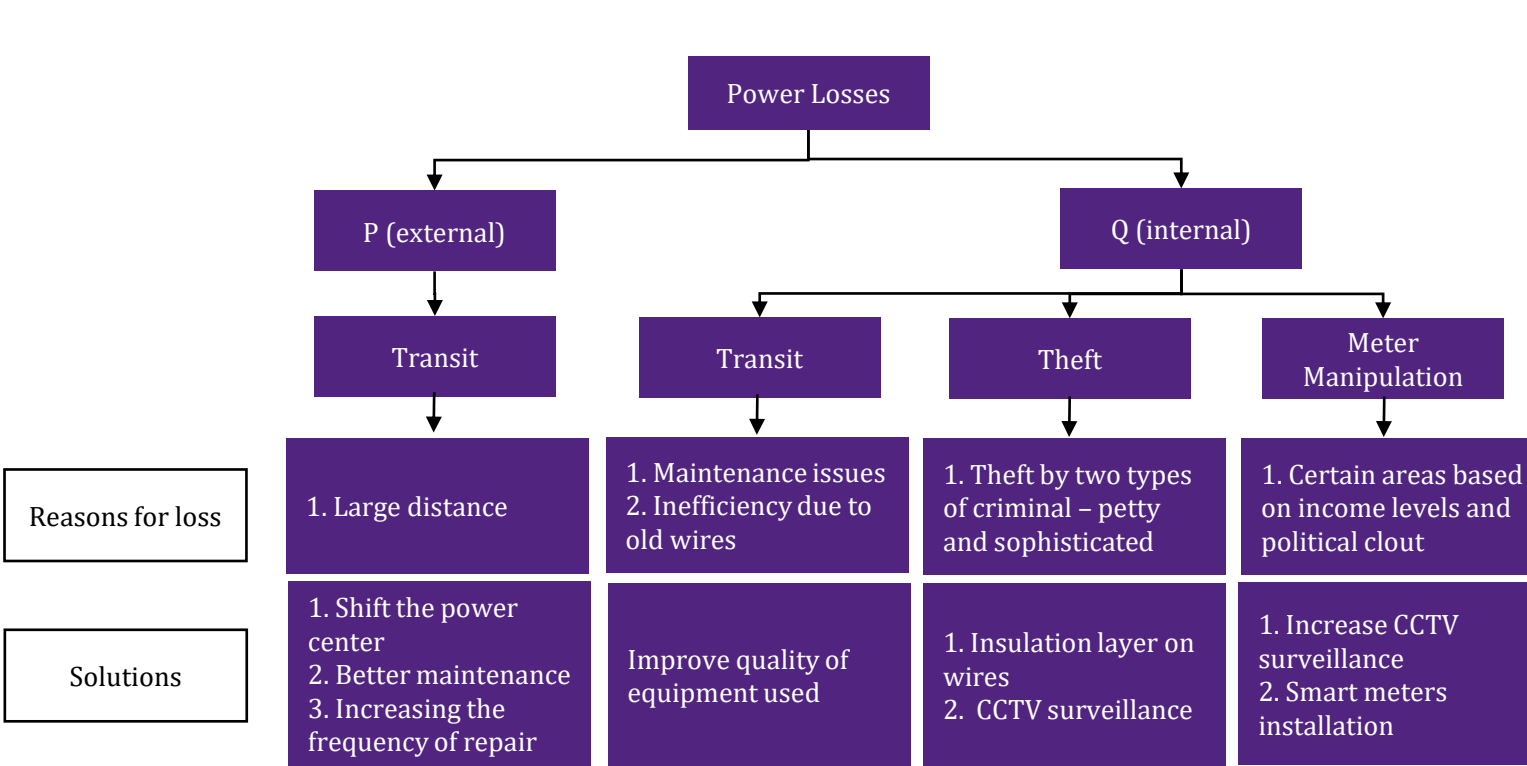
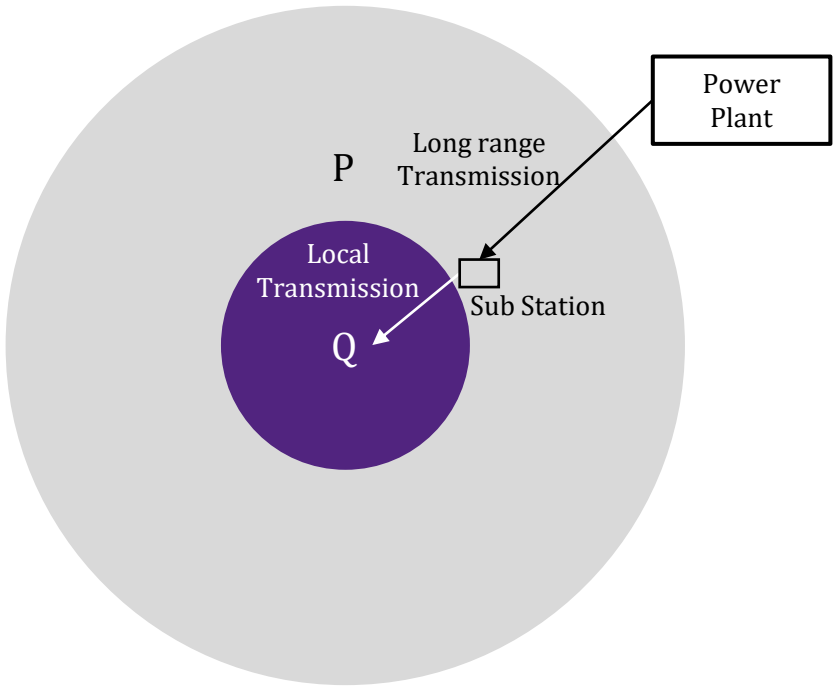
I: Thankyou. That will be all.



# Power Distribution Business – Case Structure

**Problem:** There is a power distribution firm servicing Mumbai, based in its outskirts. It is facing distribution loss and wants to resolve this problem.

Problem Scoping			
Objective	Minimising power distribution losses	Operations	2 levels of transmission P and Q
Location	Mumbai and its outskirts		



## Key Insights

- The candidate should have provided more solutions for meter manipulation.
- The candidate assumed the CCTV cameras already existed, and the interviewer corrected the assumption.

## Choice of Sea Port – Transcript

**Problem :** There is a trader importing goods from Australia. There are 2 ports – Goa and Vizag. Which port is attractive for usage from a business perspective?

There are some preliminary questions which I want to clarify. What are the goods that the trader is importing and which port is currently being used?

I: Screws. The port being used is Goa.

Apart from screws, are there any other ancillary objects?

I: No, it is only screws

I would like to understand why the thought of shifting to Vizag port come in the mind of the trader?

I: Some of his colleagues have been using this port and he came to know about it from them.

What happens once the goods are unloaded at the port? It would be helpful to understand the business flow for the trader.

I: Goods are purchased from Australia, transported via sea to the port. After unloading, the goods are transported by road to the specified warehouse.

Ok. I understand there might be certain benefits over and above the Goa port being offered at Vizag port, because of which the trader is considering shifting to Vizag port. Would that be an appropriate assumption?

I: Sure.

Major factors which would influence the decision making are:-

1. Nautical miles distance to each port
2. Cost per nautical mile
3. Unloading capacity of port
4. Distance of warehouse from port
5. Additional taxes if any at either port

Is there any other aspect you would want me to consider?

I: No, you have covered it all.

I would request you to share with me the details of these factors for each port. How many nautical miles are covered, what is cost per mile, unloading charges, time taken to unload for both ports?

I: Vizag is 3000 nautical miles whereas Goa is 4000 nautical miles. You can consider the cost per nautical mile as \$3 for both ports. The waiting time for unloading in Vizag is 2 days, whereas the same in Goa is 5 days. The fixed cost of per day waiting is \$1000

The total expenses if Vizag port is used is  $(4000 \times 3 + 2 \times 1000) = \$14000$

The same for Goa port is  $3000 \times 3 + 5 \times 1000 = \$14000$ .

We observe that the cost savings for both the ports are similar.

I: So what would you suggest?

We would look at qualitative factors to provide a suggestion.

1. 3 days are saved at Vizag during unloading which will help in faster turnaround of goods. It will help give competitive advantage since promised time of delivery to customer can be reduced by 3 days.
2. Since his business associates are using the Vizag port, he can tie up with them to import lesser quantities of goods as well. Currently, the trader may be importing entire ship load of goods. Importing lesser goods will provide him with more flexibility.

I: Interesting. Can you summarize the case for me?

A trader wants to decide between Goa and Vizag port for his trading business. We explored the cost savings of both ports regarding factors like distance to the ports and warehouse, unloading capacity. The cost savings being the same, we resorted to qualitative factors. Vizag port has saves 3 days in unloading which is a competitive edge and collaboration with business colleagues can help accelerate faster business growth. Trader should go ahead with Vizag port.

I: Great. Thank you so much.

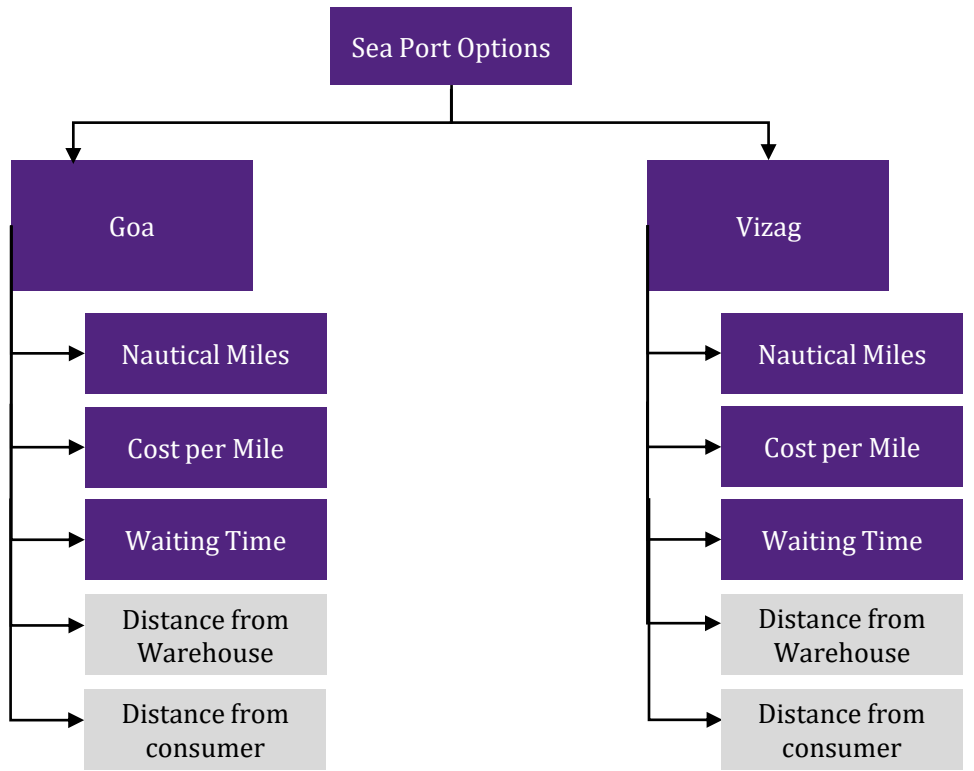
# Choice of Sea Port – Case Structure

**Problem :** There is a trader importing goods from Australia. There are 2 ports – Goa and Vizag. Which port is attractive for usage from a business perspective?

Problem Scoping			
Objective	Find out which port is better for the importer	Ports	Goa or Vizag
Commodity Imported	Screws	Factors	Distance, Cost per Mile, Capacity and Waiting Cost

Notes
Expenses= Nautical Miles * Cost/Mile + Waiting Cost * Waiting Time

Factors	Goa	Vizag
Nautical Miles (i)	3000	4000
Cost/Mile (ii)	3	3
Waiting Time in days	5	2
Waiting Cost/day	1000	1000
<b>Total Cost [(i)*(ii)+(iii)*(iv)]</b>	<b>14000</b>	<b>14000</b>
Distance from Warehouse	500	100
Distance from Warehouse to Customer	100	100
Even though costs are same, Vizag seems to be a cost effective option as post landing delivery charges will be lower		



- Key Insights**
- The candidate structured the quantitative factors well
  - The candidate missed focusing on distance from port to warehouse and ultimate consumers

## Conglomerate Portfolio Management – Transcript

**Problem:** Imagine you are Cyrus Mistry and you had to analyse the performance of the portfolio of companies in the TATA Group and take decisions regarding investments and divestments. How would you do it?

Would you like me to analyse all the companies by bucketing them into different groups, or should I talk about select individual companies?

I: Take 10 companies in the TATA Group and try to bucket them. On what basis will you classify them?

Would you like to focus on a specific geography or market, or should we account for global operations?

I: Good question. Restrict the analysis to the Indian market.

I would like to consider two dimensions – competitive position of the company and attractiveness of the corresponding industry.

I: Okay, good. Go ahead.

In competitive position, I would like to look at 3 factors - growth in market share, price premium and profitability. To assess the attractiveness of the industry for each business, I would consider 3 factors - long term growth rate, industry size, and economic value-add of firms in the industry. I'd like to develop a model for competitive position first.

I: Looks good. Proceed.

The influence of drivers of competitive position would vary across industries. For instance, profitability and market share growth would have significant influence on the competitive position of Tata Steel, given the cyclical and cost-focused nature of the industry. Whereas, pricing premium or brand equity would have higher influence in Titan.

I: What would you do next?

I will develop a similar model for the industry attractiveness, based on the three factors. The weightage for each factor will depend on the industry structure. Since the factors have metrics in different scales, we would have to define a normalized scale for each metric and arrive at coefficients for competitive position and industry attractiveness.

I: That's a good observation. How will you allocate resources to these businesses?

I would like to assume a threshold value of 50% for each dimension, and define four categories. Would that be good?

I: Yes

So we would have four types of companies:

- Weak competitive position, low industry attractiveness
- Weak competitive position, high industry attractiveness
- Strong competitive position, low industry attractiveness
- Strong competitive position, high industry attractiveness

I: What would you recommend for each type?

I have three recommendations:

- Tata Group should invest in the companies that occupy high strong competitive position in highly attractive industries. Acquisitions in this segment is preferred.
- The Group should divest businesses with weak competitive position in unattractive industries.
- The remaining resources should be allocated to the businesses in the other two segments. Investments should be made in companies in which the Group expects to strengthen its competitive position, or in industries that are expected to become attractive, for example – Tata CLiQ.

I: That would be all. Your analysis was comprehensive.

Thank you.

# Conglomerate Portfolio Management – Case Structure

**Problem:** Imagine you are Cyrus Mistry and you had to analyse the performance of the portfolio of companies in the TATA Group and take decisions regarding investments and divestments. How would you do it?

Problem Scoping			
Objective	Portfolio analysis and investment / divestiture decisions		Geography
			Analysis is limited to the Indian operations
Range	10 companies of the group		

Notes

Weightage of factors influencing competitive position and industry attractiveness will be unique across industries

Normalized scale ( 0 to 1) for each factor:  
e.g. For a particular industry (if growth rate has historically varied from 3% to 9%),

- Long term growth score:
  - From 3% to 4% : 0.1 to 0.3
  - From 4.1% to 7% : 0.31 to 0.7
  - Above 7% : 0.71 to 1

Normalized scale (0 to 1) for each dimension is the weighted sum of factor normalized scores.  
e.g. If weightages and normalized factor scores for Tata Steel's competitive position are:

- Market Share growth (40%): 0.7
- Price premium (20%): 0.2
- Profitability (40%): 0.6

Competitive Position Score =  $(0.4 \times 0.7) + (0.2 \times 0.2) + (0.4 \times 0.6) = 0.56$   
Threshold score for High/Low and Strong/Weak = 0.50

Dimensions

Competitive Position

- Market share growth
- Price premium
- Profitability

Industry Attractiveness

- Long term growth
- Industry size
- Economic Value Added

Factors

Competitive Position

Strong

Weak

Low

High

Industry Attractiveness

Selective Investment  
(Identify businesses in industries that may be attractive in future)

Invest

Divest

Selective Investment  
(Identify businesses in which competitive advantage can be strengthened)

## Key Insights

- Given the large portfolio of the client, scoping the problem was a key step
- Identifying factors to determine the two dimensions introduced rigour to the analysis
- Developing a framework on the go was key to cracking this case

## Launch of Innovative Toothbrush – Transcript

**Problem:** You are the CEO of a toothbrush manufacturer in USA. The head of R&D department comes up to you and says, “All your investments have finally paid off. We have developed the toothbrush of future.” Would you launch this product?

So, the R&D Department of the company in USA has developed an innovative toothbrush and I need to decide the launch of this product. Right?

I: Correct!

Can you tell me more about the toothbrush and its benefits?

I: The brush has 3 benefits: It is made up of a plastic that does not bend or break. It can be used for an infinite number of years. Its bristles are made of a special material which helps in killing germs. Basically, it will be the last toothbrush you’ll ever purchase.

I would like to take a few minutes to identify and list the pros and cons of the launch.

I: Sure, go ahead.

The pros of the toothbrush are

1. It is an innovative product
2. The company will gain first mover advantage with its launch.

The challenges of launching it would be

1. One time sale
2. Cannibalization of the existing sales
3. Availability of raw materials
4. Education of distribution channels
5. Gaining customer trust

I: Sure, let’s assume that we go ahead with the launch.

We can further conduct a cost benefit analysis of the innovative toothbrush. Can I get details of the price of one normal toothbrush and its average life.

I: The price of one toothbrush is \$3 and it lasts for an average period of 4 months.

Can I assume the life expectancy of the population in US to be around 60 years.

I: Yes, go ahead.

I’ll assume that the person buying the toothbrush currently is 20 years old. He will purchase the toothbrush for the next 40 years of his life as per the current model. 1 toothbrush lasts for 4 months, implies that a consumer buys 3 toothbrushes in 1 year, spending \$9 per annum and hence would buy  $3 \times 40 = 120$  toothbrushes in the next 40 years.

You had mentioned in the beginning of the case that it has special bristles. Would that have any impact on the consumption of toothpaste as well?

I: Interesting, no you can ignore that.

Okay. That would mean that he would spend almost \$360 on toothbrushes ignoring time value of money.

I: Okay. So, would you price the brush at \$360?

No, we would charge a lower price. Otherwise the worth of this toothbrush would be exactly equal to the existing option available to the customer and they would not have any motivation to shift. We need to create that additional value for the customers by charging it at a lower price than their existing option, which would attract them.

I: Let’s say that we price it at \$359, mathematically that is lower than what you say. Would you sell it at \$359 then?

The customer would not be willing to pay \$359 because of time value of money. In the existing option, he would be paying \$9 every year for the next 40 years but in our option, he will have to pay \$359 upfront and he would want to pay a lower price.

I: Okay, let’s say that the CEO’s close friend from competitor firm comes and asks you to sell this patent to him for \$1.9 Billion. Would you sell it to him? Assume that the life of a patent is 10 years.

We need to see how much profit the company would make from this product if he keeps the patent with himself. We will divide the revenue into the units sold and profit on this toothbrush. Further the units sold are a function of market size and market share. Can I get details on this aspect?

I: The profit on 1 toothbrush is \$9 and assume that you capture 100% market share in the first year itself.



## Launch of Innovative Toothbrush – Transcript cont.

**Problem:** You are the CEO of a toothbrush manufacturer in USA. The head of R&D department comes up to you and says, “All your investments have finally paid off. We have developed the toothbrush of future.” Would you launch this product?

The population of US is 300 million. Since it is a toothbrush, people across different age groups and income levels would form part of our market. Should I proceed further taking the entire 300 million as our market size since we capture 100%?

I: Yes, go ahead

Then in the first year we will have a cash flow of  $9 \times 300$  million = 2.7 billion in the first year.

I: What is your decision?

Considering, the amount that competitor is willing to pay for the patent is less than first-year cash flow, so we would not accept the proposal.

I: Let's say that he's willing to offer \$3 billion. Would you sell it now?

We can further analyze rate of growth of this \$2.7 billion over the next few years because the population will grow and that will create additional demand for toothbrush every year. Thereby, even if \$3 billion is more than \$2.7 billion, we would not sell it.

I: Fair point! So that is one reason. Give me more reasons the client should not sell the patent.

1. The company will lose out on the fame and the brand value that will be added with the launch of such a product. 2. The company has an opportunity of diversification into related R&D. It will not be able to use this R&D to develop related products. 3. Our existing sales will fall with the launch of such product by a competitor. 4. The company would be missing out on the opportunity to expand in other geographies.

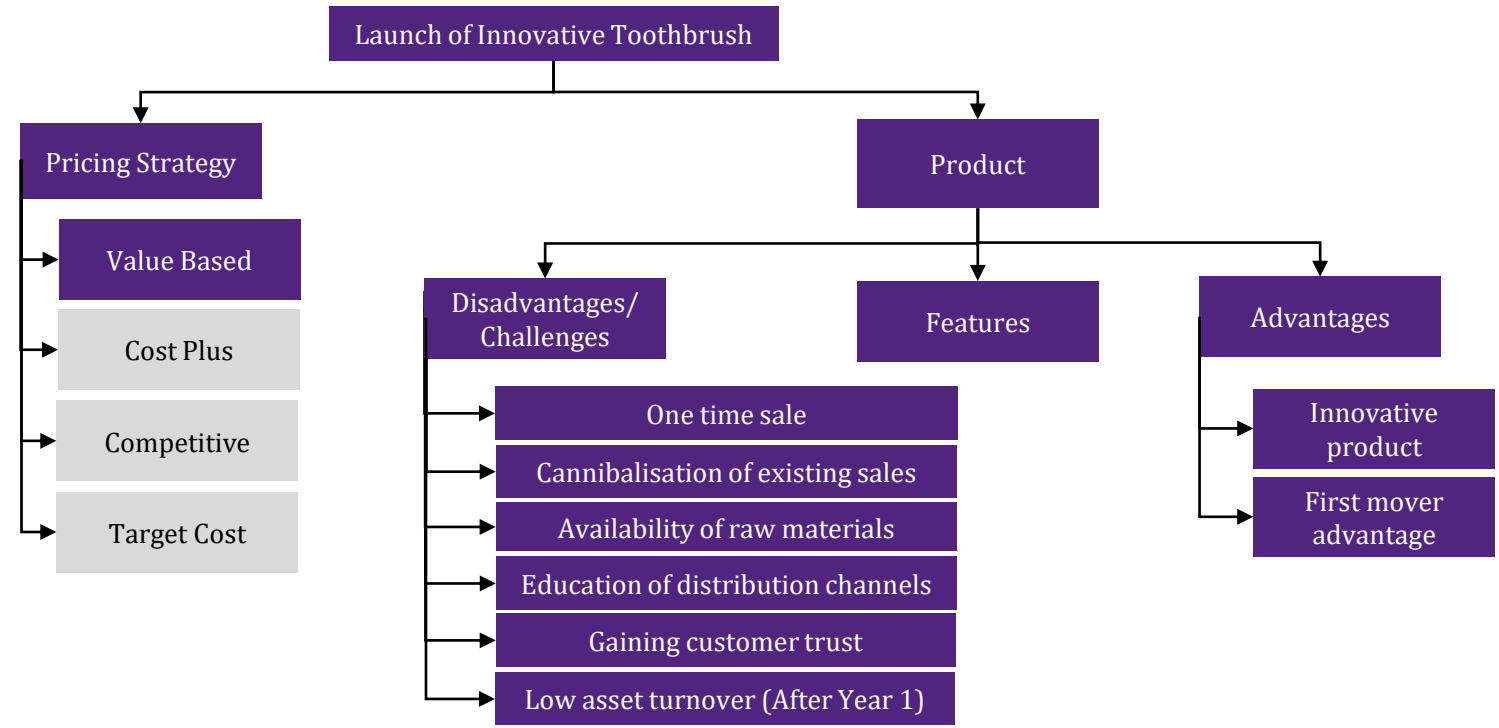
I: Thank you, that will be all.

# Launch of Innovative Toothbrush – Case Structure

**Problem:** You are the CEO of a toothbrush manufacturer in USA. The head of R&D department comes up to you and says, “All your investments have finally paid off. We have developed the toothbrush of future.” Would you launch this product?

Problem Scoping			
Objective	Capture market share through product launch	Location	USA
Target Segment	Complete US population (all age groups and income levels)	Competitor analysis	None – Novel product

Notes
No. of toothbrushes used by a customer in a lifetime = Average remaining life span of customer/Life of toothbrush = 40 years / 4 months = (40 x 12) / 4 = 120
Expenditure by customers on toothbrushes = No. of toothbrushes used x Price per normal toothbrush Expenditure by customers on toothbrushes = 120 toothbrushes x \$3 per toothbrush = \$360
Profit per annum = Profit per unit x Target population size x Market share Profit per annum = \$9 per unit x 300 million x 100% = \$2.7 billion
Decision on Sale of Patent: <ul style="list-style-type: none"><li>Scenario 1: Price offered = \$1.9 bn ; Profit of Year 1 &gt; Patent Price. So the proposal is rejected.</li><li>Scenario 2: Price offered = \$3 bn; If present value of future cashflows &gt; Offered Patent Price, the proposal is rejected.</li></ul>



- Key Insights**
- The candidate did not clarify the assumption of age of the customer while calculating revenue from a customer
  - The candidate considers the time value of money while taking the pricing decision
  - The candidate considered increase in revenue during following years with the increase in population for better evaluation of competitor’s proposal

# Bank Branch Relocation – Transcript

**Problem:** Your client is an Indian PSU bank which is in the industry since last 50 years and already have its branches spread across India. However, now the bank wants to relocate its branches. What factors will you consider in suggesting them the new locations and why?

I would like to clarify the case, the client is an Indian PSU bank which is in the industry since last 50 years. It has branches spread across India. The bank wants to relocate its branches and I need to identify the factors that should be considered. Is there anything else we need to consider?

I: No, please go ahead

Can I get details of the products this bank deals with? Also, who are the target customers?

I: It is a big bank that deals with all kinds of products. However, it is majorly in retail banking.

Can I please take a minute to structure my thoughts and jot them down?

I: Sure, go ahead.

I would like to discuss the reasons for relocating the branches:

1. Since the bank is 50 years old, its branches might be in cities/villages which are now not much developed and the people from those cities/villages have migrated to other developed cities.
2. It needs to change its target segment. If earlier it was targeting say, the poor segment now it wants to target the upper middle class and/or the corporate professionals

I: Okay, so how will decide the new location?

Since the bank is majorly into retail, I would first like to target the metro cities of India like Gurgaon, New Delhi, Mumbai, Bangalore, Chennai etc. This is because:

1. Majority of the corporates have been emerging in these cities since last few years.
2. Setting up of offices leads to opportunities of new jobs and hence the migration to these cities giving us the customer base.

I: Okay, let's take Mumbai. How will you decide where in Mumbai to set up the branch?

Setting up the branch would depend upon the type of customers we want to target. Say in Andheri, different segments of population exist from people staying in chawls to celebrities in duplexes. We would require branches that can cater to different sections of the society.

1. A branch near the chawls would require more labor to assist the customers from lower segment of the society with a focus on limited products.
2. A branch in Juhu targeting the upper segment of the society requires more skilled/trained employees who can provide personalized services.

I: Let's take a place like this – Nariman Point? How will you target your customers here?

Nariman point has majority of the corporates of Mumbai.

1. We can tie up with the corporates for the salary account of their employees which would provide a large customer base from one location
2. We should train our salesperson and set up kiosks at busy places like malls or at offices to create awareness and pitch our products to prospect customers.

I: How will you estimate the target customers from this place?

Taking into consideration only the corporates, we can calculate the number of target customers by

1. Having the data of no. of corporate offices in this area
2. Area or the office space occupied by each company
3. No. of employees on each floor of that building.

Similarly, we can do so for the households. assuming that majority of the houses here are in the form of apartments.

1. Collect the data on no. of apartment buildings in this area
2. No. of floors in each building
3. No. of flats on each floor
4. Average family size in each flat staying here

I: What other factors would you consider while selecting the place of branch?

Other factors could be competition and the growth of potential customer base in that area.

I: How will you calculate the expected growth of your customer base at Nariman Point?

We can calculate the same by considering the no. of corporate buildings and apartments coming up in this area (that are under construction). Also, the attrition and the hiring rate of the existing firms in this area will provide the no. of potential customers. For example, BCG hiring 100 MBA graduates this year for internship and its approximate PPO conversion rate is 80%. I can expect 80 more employees next to next year as my potential customers.

I: How would competition help to decide your location of the branch?

## Bank Branch Relocation – Transcript cont.

**Problem:** Your client is an Indian PSU bank which is in the industry since last 50 years and already have its branches spread across India. However, now the bank wants to relocate its branches. What factors will you consider in suggesting them the new locations and why?

If I think from the perspective of a customer, nearby banks create confusion and customers compare the banks to check their suitability. In order to avoid people, compare our bank with others, we should prefer locating our branch at some good distance from the top competitors like SBI or PNB.

I: Good. Now how will your salesperson pitch to its prime target customer (say a partner at BCG). What will be the content of his pitch?

If we are targeting a customer like Partner at BCG, we need to understand his requirements from a bank. Say, we are pitching him for a credit card. A partner would be more involved in travelling for official purposes or vacation with his family. Therefore, keeping in mind his work life culture, we would include the following features in our pitch:

1. Tie ups with airlines like Vistara and jet airways for discounts and upgrades upon using our credit card for payment.
2. Few free visits to lounge at the airports using our credit card
3. Family holiday packages & discounts upon using our credit card

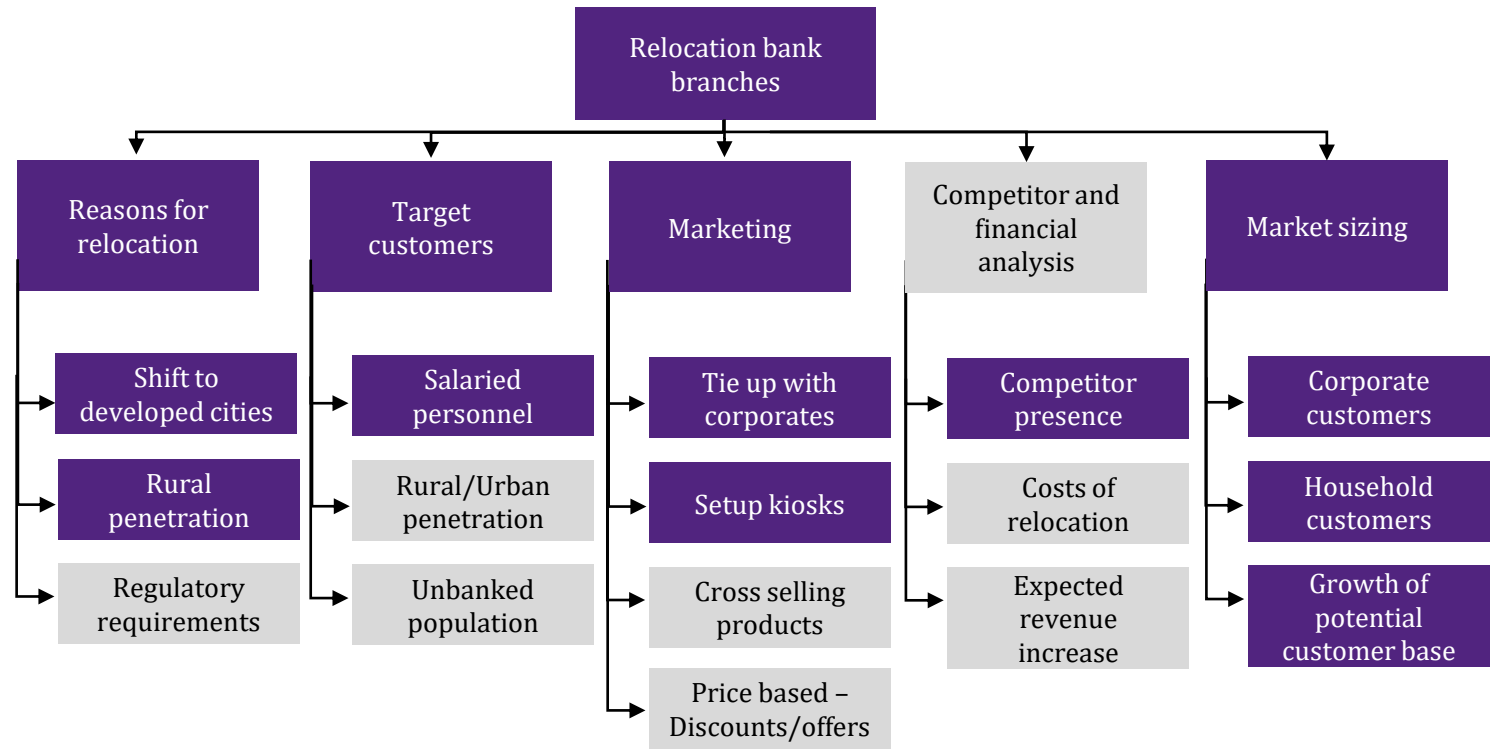
I: Thank you, that will be all.

Bank Branch Relocation – Case Structure

**Problem:** Your client is an Indian PSU bank which is in the industry since last 50 years and already have its branches spread across India. However, now the bank wants to relocate its branches. What factors will you consider in suggesting them the new locations and why?

Problem Scoping		
Objective	Relocation of branches	Location
Target Segment	Majorly Retail Banking	Mumbai

Notes
Total number of corporate customers in an area = No. of corporate offices x No. of floors in each company x No. of employees on each floor
Total number of household customers in an area = No. of buildings x No. of floors in each building x No. of flats on each floor x Average family size in each flat
Expected growth of customer base = Upcoming/Under construction corporate buildings/apartments = Hiring and attrition rates of corporates



Key Insights

- The candidate should state possible location as urban and rural rather than focussing on urban metro cities in first instance.
- Explanation of market sizing in such cases is important.
- The candidate did not explore the financial aspects of relocation of branches.



Write to us at [pgdm.consultingclub@spjimr.org](mailto:pgdm.consultingclub@spjimr.org)