

CASE COMPENDIUM

55 INDUSTRY-STANDARD INTERVIEW TRANSCRIPTS
TO HELP YOU ACE YOUR NEXT CASE



A Complete Guide To Cracking Case Interviews
By Alumni Of Shri Ram College Of Commerce



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PREVIEW

As third-year students, passing out of Shri Ram College of Commerce, after a rigorous placement season, our team wanted to pass on the knowledge that we gathered throughout this year, to aspirants stepping into our shoes in the coming years.

After extensively preparing for consulting companies in the last two years and cracking interviews of multiple corporate giants including the likes of Kearney, Accenture Strategy, ZS Associates & Zomato, we decided to go ahead with the preparation for consulting companies as our main subject.

This book happens to be **University of Delhi's first Consulting Case Book**, having details pertaining to the case interviews of the big shots in the space. We have gathered resources from our experience and from our fellow candidates placed at McKinsey & Co., Kearney, BCG, Dalberg, L. E. K. Consulting, Kepler Cannon, Accenture Strategy, Zomato, Bain & Company, etc. This book contains end-to-end transcripts from the case interviews mentioned above, frameworks related to different case types, and all other details for a candidate to secure a job in the consulting space.

We put our heart and soul into our journeys of preparing for these interviews because of how much we aspired to achieve our goals. Naturally, we also faced roadblocks at every step. We felt the need to come up with this case book because one of the major roadblocks was that there were next to **no case books** at the **undergraduate level**, as most of the case books are by post-graduate students for their college placements only. We had to look for interviews online and contact seniors to know about their interviews. We decided that we wouldn't want our juniors to spend time and energy in collating these resources before they started their actual preparation.

With our aim to reach out to every student, regardless of their background, we will make our book available free of cost so that it is just a click away for anyone who needs it. Aligning with our goal, the Placement Cell of SRCC is also lending a helping hand in making it available to the upcoming batches.

Lastly, we would also like to recommend other resources that we used for our preparation - we found Case Interviews Cracked and IIM-A's case books to be useful references.

MEET THE AUTHORS

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Aradhita has completed 5 internships across private equity, wealth advisory and digital marketing profiles. She served as the Convenor of the Debating Society of SRCC and has represented the college in over 20 debating tournaments. Driven by her love for problem solving, she participated in multiple business case competitions.

Nimisha Singh

Business Analyst, Zomato



Nimisha was India's EY Corporate Finance Woman of the Year, 2021 and globally represented the country. The McKinsey NGWL alum interned at Walmart, EY & ScaleFactor Consulting. Coupled with being a Senior Coordinator, she headed the PR department of The Placement Cell, SRCC. Former Head Girl of her school, she is also a Zonal Gold Medalist in athletics & loves cryptic languages.

Rahul Prasad

Business Analyst, Kearney



Rahul interned at Intel Corporation and Deloitte in his college years. The Mitsubishi UFJ Scholar was also the Chief Events Coordinator for the Business Conclave, Asia's largest management fest. He is an ardent debater and holds the accolade for SRCC's 1st ever international debate quarterfinals at Thailand. He loves sports and was the fastest athlete in Karnataka in 2018.

Tushar Bagrodia

Business Analyst, Kearney



Tushar discovered his interest in consulting during his time at 180 Degrees Consulting, SRCC. He also interned at Berkeley Research Group before converting offers from two consulting firms. He was the 'University of Delhi' topper in his 2nd year and won 3 scholarships for the same. He performed in more than fifteen events as the beatboxer of the Western Music Society of SRCC.

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This book wouldn't have been possible without the help and support of our family, friends, mentors, and alma mater, Shri Ram College of Commerce. They have allowed us to gather knowledge, display resilience, and fight adversity over the last 3 years.

We owe an enormous debt of gratitude to everyone that has helped us in putting together the resources for this book. The stories behind their cases and preparation, make our book what it is – a valuable resource for anyone looking to crack their next consulting interview. This book is a culmination of their experiences and things they learned on their way to success. This book is richer for their contributions. Therefore, we would like to thank, alphabetically,

Aanam Ahmed (McKinsey and Co.), Aarushi Gupta (Bain & Company), Ansh Aggarwal (McKinsey and Co.), Chhavi Atal (Accenture Strategy), Khushi Bhojnagarwala (Kearney), Nakul Gupta (Z.S. Associates), Neharika Garg (J.P. Morgan Chase & Co.), Rishabh Bafna (Boston Consulting Group), Shreya Roy (Dalberg), Siddharth Bapna (Kearney), Vaibhav Garg (Bain & Company), Vedant S. Jangam (Bain & Company).

We would also like to acknowledge our support systems, our peers, seniors, and friends, without whom this dream would have been a remote prospect. They have helped us, not only in our case preparation but also given us the confidence to surmount our lows and come out stronger. Their words of wisdom and strength have been vital to our success. They have always challenged us, inspired us, and enthusiastically supported us. They have equipped us with the skills needed to convert interviews and develop the confidence required to prepare a book of this nature. Therefore, we would like to thank, alphabetically,

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Lastly, none of this would have been possible without the constant support and encouragement of our families. They have tolerated our incessant rants, frequent setbacks and daily sessions of self-doubt, only to stick around and push us to our true potential. Therefore, we would like to thank,

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Thank you all for making this book a reality. We are forever indebted.

We deeply apologize if we have missed out on any names that have been a part of this roller coaster journey with us.

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GUIDE TO USE THIS CASEBOOK

FORM A CASE GROUP

In order to prepare for case interviews, candidates are recommended to form their own case groups, ideally with not more than 4 people in the group. Do not make the mistake of reading the cases in the book on your own. Instead, solve cases in pairs. One person usually takes on the role of the 'interviewer' and the other, the 'interviewee'. Only the interviewer must go through the case to understand the problem. After this, the 'interviewer' gives the case to the 'interviewee' who makes an attempt to solve the case. Other members of the case group can also be a part of the process by observing the interview. Finally, the members can discuss the case and give their individual insights. The interviewee's solution can be compared to the one in the book to analyze things which could have been approached differently.

FEEDBACK

A setting where honest, constructive feedback is appreciated is important in order to develop case-solving skills. Be open to peer feedback and consult a senior who has gone through the process in case of any clarifications required. Make sure you incorporate the feedback going forward.

TOOLS

Every case in this book is accompanied with:

- **Clarifying questions:** These are a list of important preliminary questions which should be asked in the context of the case. Similar cases have similar preliminary questions. However, it is important to contextualize the questions with respect to every individual case.
- **Brownie points:** One effective way to catch the interviewer's eye is to mention facts related to the case that not everyone would think of. This demonstrates your knowledge of the world and ability to think in the moment. Although this is not necessary, it makes you stand out, giving you an edge over other candidates.
- **Keep in mind:** These are tips that you can incorporate in the way you approach cases. As and when you solve more cases, you will realize there are certain unsaid rules in the solving process. The 'keep in mind' boxes are a good way to improve the way you communicate your solution to the interviewer.

PROFITABILITY

A decorative horizontal line with two leafy branches, one on each end, resembling a laurel wreath. The line is thin and black, and the leaves are detailed with small veins.

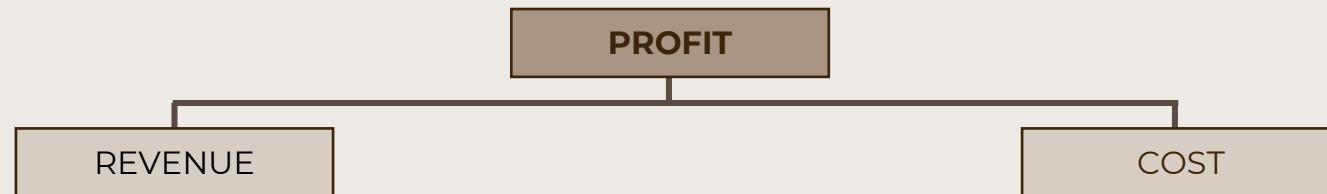
FRAMEWORK

A typical profitability problem would look like: "Your profits are down by 20%, analyse the reason for the same by isolating the problem."

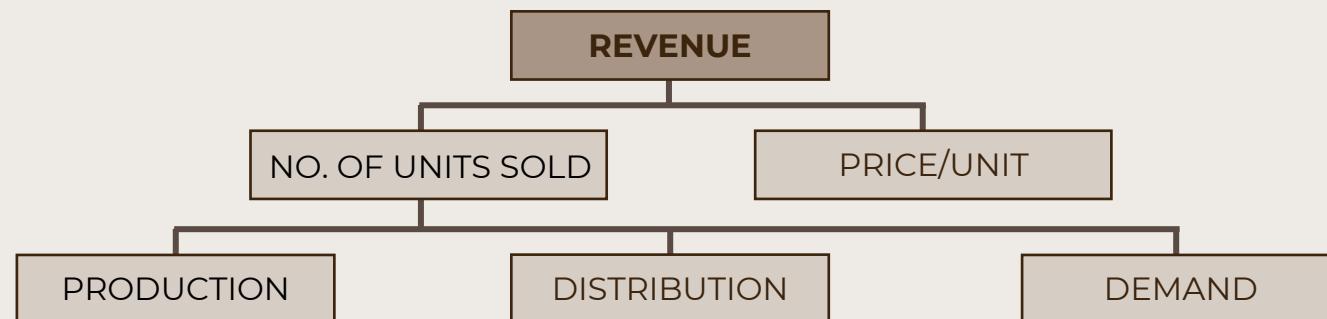
It is important to begin by understanding the problem better by asking some preliminary questions. Some important preliminary questions for profitability cases are –

- 1) Since when has the client been facing the problem and what is the magnitude of the decline?
- 2) Where is the client located – Geographically?
- 3) Which part of the value chain does our client lie in?
- 4) Is it a company-specific or an industry-wide problem?
- 5) Segmentation questions – All stores? All geographies? All product lines? All customers?

The problem could stem from the revenue side or the cost side or both.



Revenue side can be affected by production, distribution and demand.



FRAMEWORK

Production can be analysed by looking at the following factors:

- 1) Number of manufacturing units
- 2) Capacity of each unit
- 3) Production capacity used
- 4) Defects in the manufactured goods

Distribution can be analysed by looking at the following factors:

Begin by asking the mode of distribution adopted by our client and benchmark it with competitors.

- 1) Number of distributors
- 2) Amount sold per distributor – It can be affected by monetary and non-monetary reasons

Demand can be analysed by looking at the following factors:

Begin by understanding whether all revenue streams have been affected equally.

For **product-centric** cases you can look at:

- 1) Number of products sold
- 2) Price of products sold
- 3) Product mix

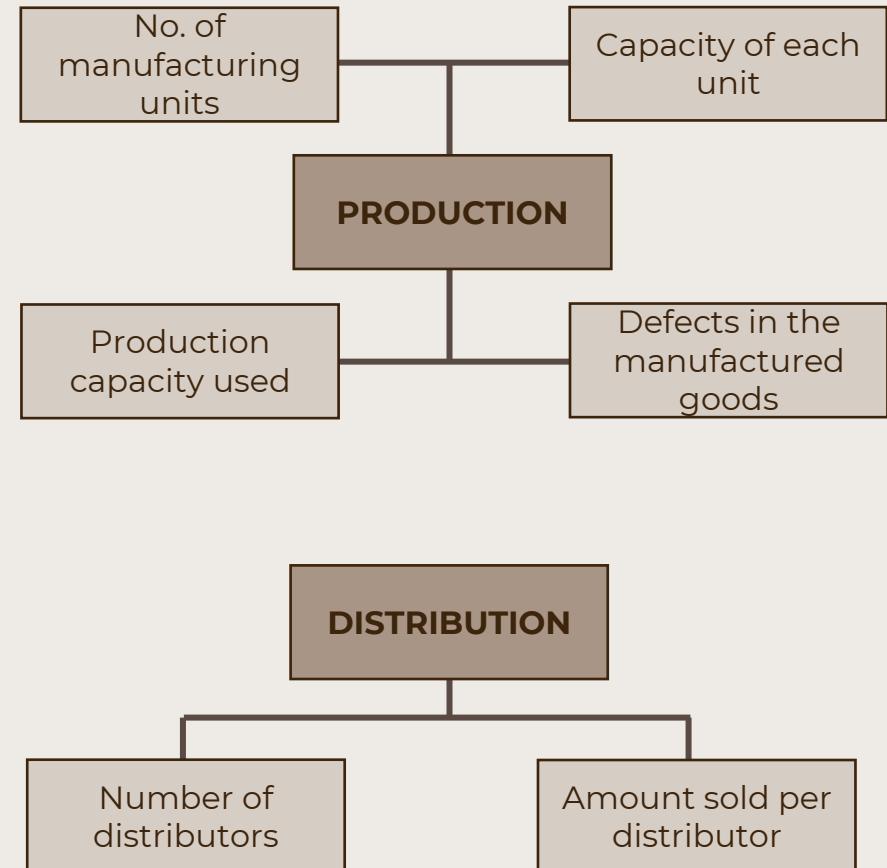
For **sales-centric** cases you can look at:

- 1) Number of sales
- 2) Average ticket size

OR

- 1) Footfall
- 2) Conversion
- 3) Average ticket size

Note: Number of sales = Footfall * Conversion



FRAMEWORK

For **customer-centric** cases you can look at –

- 1) Number of customers
- 2) Revenue per customer

Essentially, don't restrict yourself to one framework.

For cost side problems, it is helpful to draw a process map or divide the costs into fixed and variable costs.

Costs = Number of units * Cost per unit

Cost per unit can be divided into fixed and variable costs.
(Depending on the industry)

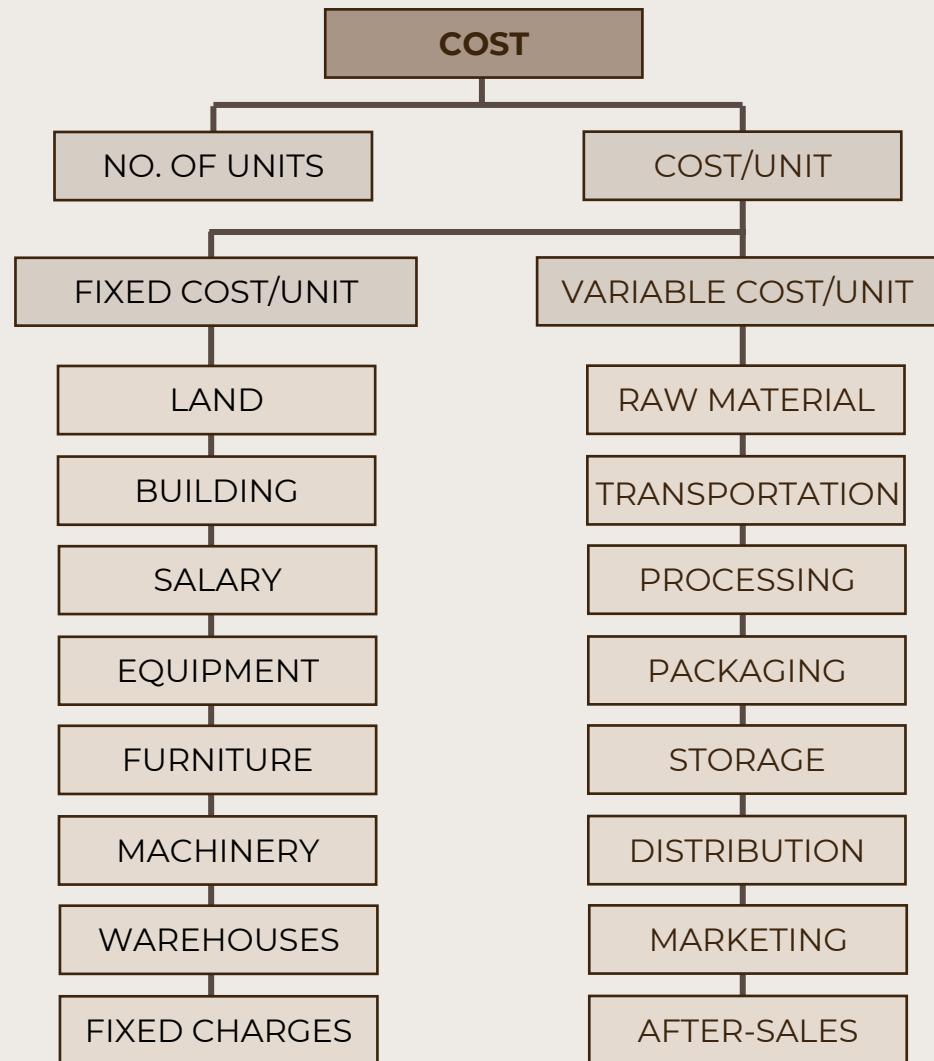
Some of most common **fixed costs** are –

Land, building, fixed component of salaries, equipment, furniture, machinery, warehouses, depreciation, fixed charges such as interest payments and insurance, marketing and taxes.

Some of the most common **variable costs** are –

Raw material, transportation, processing and packaging, storage, distribution, marketing and after-sales expenses.

Note: This is an indicative and not exhaustive list.
The above components will vary according to the industry.



Toy Story

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

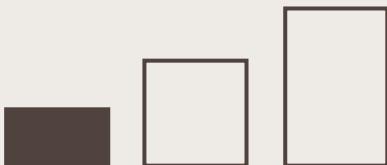
BCG

ROUND

BUDDY

INDUSTRY

TOY



DIFFICULTY

The year is 2021. Your client is a toy manufacturer and has been facing a decline in revenue in the past 1 year. You need to analyse why this is happening.

Sure, I will begin by understanding the company better. What kind of a toy manufacturer are we? Where exactly do we lie in the value chain and where exactly are we located?

The client manufactures and supplies board games such as Monopoly, Ludo, etc. to third party distributors. The client is based out of Delhi.

Alright, do we know the magnitude of decline? Have other board game manufacturers been facing a similar decline in revenues as well?

No, we do not have the exact numbers in this case. Other manufacturers have been facing a similar decline.

Sure, It seems like an industry-wide problem to me then.

Given that we have a huge collection of board games, do we have information on which of these games have experienced a decline?

Good question, our revenue from Ludo has been affected the most.

Thank you, we can begin by analysing the revenue from sale of Ludo boards.

Revenues can be affected by: 1) Supply-side issues 2) Demand-side issues

Do we have information on what might be causing the problem?

The industry's supply side has not seen any change in the past 1 year.

Alright, then it is fair for us to believe that the overall demand has plummeted.

Demand can be affected by four factors:

- 1) Product
- 2) Price
- 3) Place
- 4) Promotion

Toy Story

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

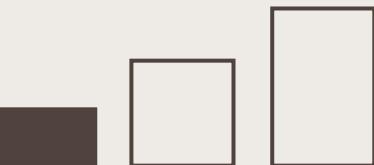
BCG

ROUND

BUDDY

INDUSTRY

TOY



DIFFICULTY

Under Product, we can look at:

- 1) Internal - Quality of the boards games offered, exterior looks of the game
- 2) External -
 - i) Substitutes - People now prefer some other board game or people are playing this game on some other platform
 - ii) Complementary - It does not have the rule booklet/dice/player sticks anymore

Under Price, we can look at:

- 1) Increase in price by the industry players
- 2) Previously available discounts not applicable anymore

Under Place, we can look at:

- 1) The mode of distribution: Online or Offline

Under Promotion, we can look at:

- 1) Any negative publicity that this industry has received
- 2) Any excessive promotions undertaken by substitutes

You have correctly identified it. Due to the lockdown on account of Covid-19, more people started playing on online apps because of which fewer people are buying board games.

Yes this makes sense, I might be guilty of it myself.

What do you think the client should do?

The client can:

- 1) Prioritise promotion of other games
- 2) Collaborate with restaurants and cafes in the future to organize games and have prizes for winners
- 3) Organise events and game nights
- 4) Launching our own application and recovering some of the lost revenue through in-app purchases and advertisements

Thank you, we can close the case now.

Toy Story

Framework

DECLINING REVENUES

Clarifying Questions

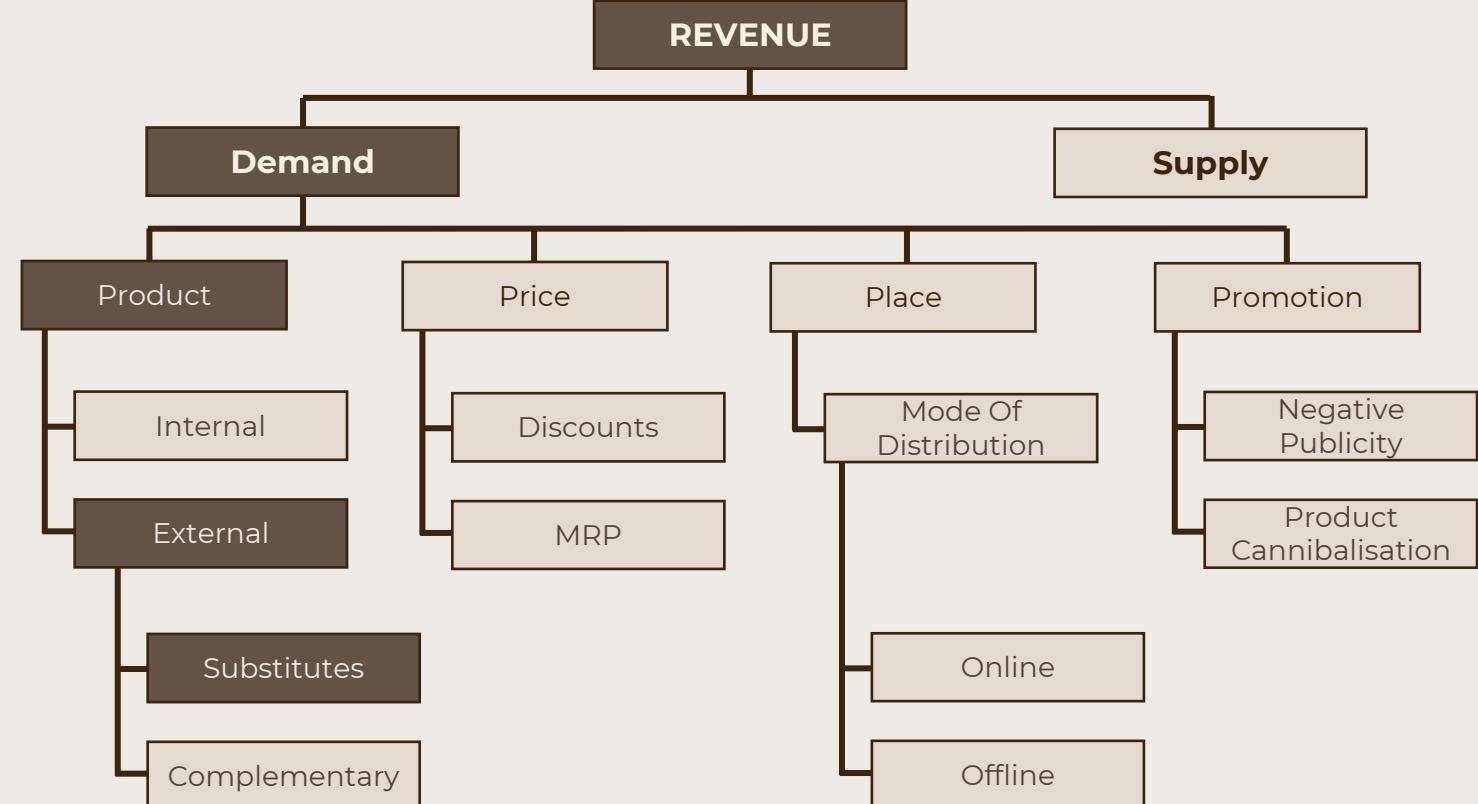
- Type of board game?
- Have competitors faced a decline?

Brownie Points

- Proposing the idea of our own application to recover lost revenue

Keep In Mind

- Always keep the current context in mind when given a case



Banking on You

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

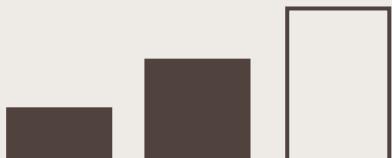
BCG

ROUND

PARTNER

INDUSTRY

BANKING



DIFFICULTY

Your client is a commercial bank that has faced a 20% decline in revenues. You need to analyse why this is happening and recommend solutions accordingly.

Got it. Where is our client located? Since when have we been facing this problem?

Our client is based out of Mumbai and has been facing this problem for 2 years now.

Interesting. Have other commercial banks been facing a similar decline?

Some of the banks have been facing this problem and some have not.

Understood. Is there a specific branch of the bank that has been facing this problem?

We are facing this problem in all branches across major cities.

Alright. Do we have any information on which revenue stream has been the most affected? From what I know, the revenue streams are: a) Interest on loans b) Fees and Penalties c) Interest on forex investments d) Locker storage facilities e) Ancillary services.

You seem to have quite a bit of knowledge of this industry. You can look at interest on loans.

Sure. Here, I would like to look at:

Interest on loans = Amount of loans given * Interest Rate * Percentage Collected

Under amount of loans, we can look at:

- 1) Availability to funds to lend (Supply-side) or b) Limited demand for loans.

Great. We have realised that we don't have enough money to give as loans because our deposits have gone down.

Amount deposited = Number people depositing * Amount deposited per person

Good. You can look at the amount deposited per person.

Here, do we have information on whether there is a particular customer segment that has not been depositing as much? Perhaps, on the basis of gender, age, etc.?

Yes Indeed. We have realised that people between the ages of 21 and 35 have reduced the amount they deposit.

Banking on You

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

BCG

ROUND

PARTNER

INDUSTRY

BANKING



DIFFICULTY

Interesting.

Amount deposited = Amount earned * % deposited

It is unlikely that everyone in this age bracket has started earning less.

Yes, correct. You can look at % deposited.

% deposited can be affected by:

- 1) Alternate opportunities such as investments in securities
- 2) Policies (collaboration with companies, etc.). Example – HDFC Bank may be preferred for salary accounts
- 3) Increased consumption expenditure resulting in lower savings

You have reached the solution. People are now investing in mutual funds and SIPs more than they are depositing in banks.

Interesting. Let's look at what we can do.

- 1) Implement a mutual fund and SIPs division in our bank
- 2) Have alternative investment options like gold, etc.
- 3) Look at targeting people of other age groups.

Good suggestions. We can close the case now.

Banking on You

Framework & Recommendations

REVENUE OF A BANK

Clarifying Questions

- Which revenue stream?
- Location of bank branches?

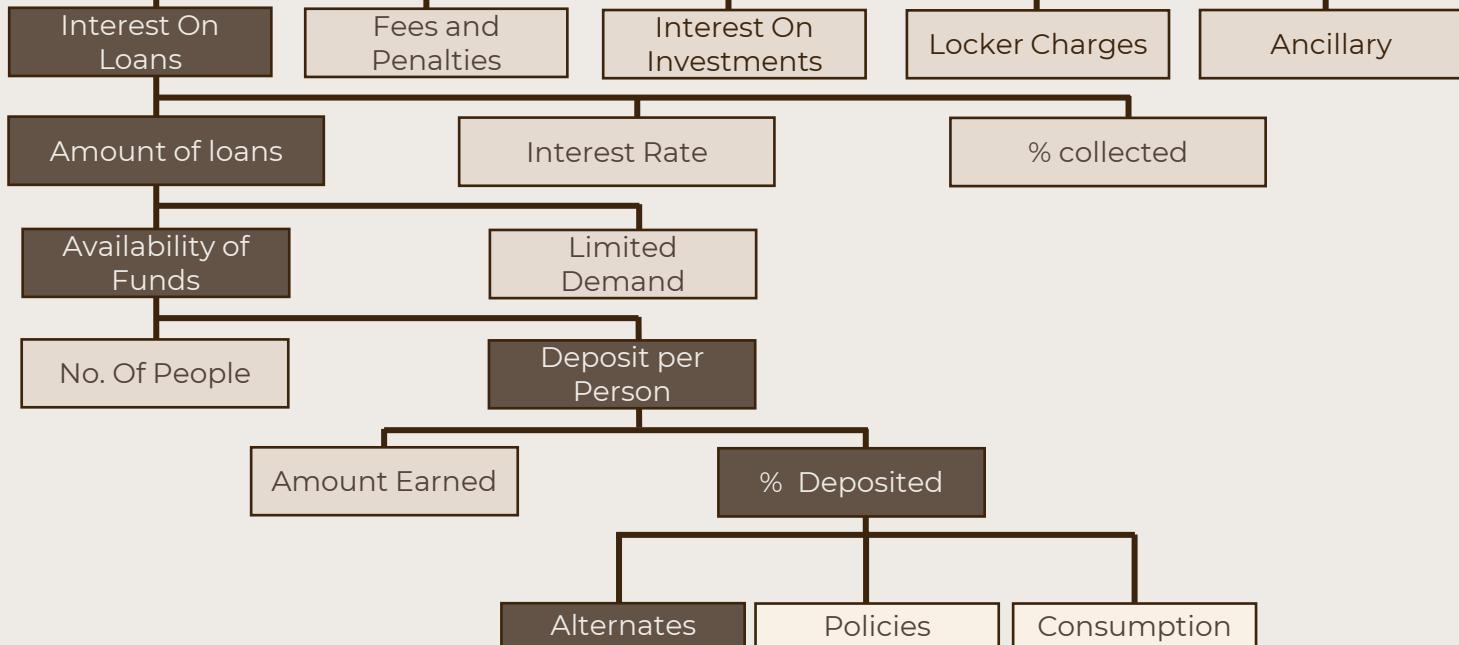
Brownie Points

- Increased consumption expenditure
- Salary accounts, i.e., policy tie-ups

Keep In Mind

- Read up about the banking industry to get an idea of their value chain

REVENUE



RECOMMENDATIONS

- Implement a mutual fund and SIPs division for our bank
- Have alternate investment options like gold etc.
- Look at targeting people of different age groups.

Oil Be There For You

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

BAIN & COMPANY

ROUND

MANAGER

INDUSTRY

OIL AND GAS



DIFFICULTY

Your client is XYZ Energy. They are concerned about declining profits and would like your help in diagnosing the problem.

Sure. What exactly does the company do? What geography is it located in?

The company is in the oil business in India. They extract and sell oil to third-party distributors.

Got it. How much have profits declined by and since when has this been happening? Have profits gone down across India or is the decline limited to a specific region?

The profits have seen a decline of about 2-3%. This has been happening for the last 2 months. Profits have gone down in the Eastern region of the country.

Have our competitors too seen a similar decline?

No.

Okay. Profits are equal to Revenues minus Costs. Has there been a change in revenue in the last 2 months?

The revenues have remained stable.

Sounds like the declining profits are driven by increasing costs then. I would like to draw the value chain of the company and see which costs have seen an increase.

Go ahead.

Sure. The different steps of the value chain are as follows:

- 1) Licensing: Getting the requisite permissions to commence operations.
- 2) Exploration: Identification of prospective sites to extract oil and conducting studies to assess the sites.
- 3) Extraction: Setting up the drill and other machinery and extracting the oil. This stage also involves money spent on labour.
- 4) Transportation: Oil is usually transported in pipelines. Maybe this stage has seen an increase in repair costs, cost of setting up new pipelines, etc.
- 5) Refining: Converting the crude oil extracted into useable forms.
- 6) Storage: Money spent on tanks or reservoirs may have seen an increase.
- 7) Distribution: Distribution costs may have increased.

Do we know which stage of the value chain has seen an increase in costs?

Oil Be There For You

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

BAIN & COMPANY

ROUND

MANAGER

INDUSTRY

OIL AND GAS



DIFFICULTY

In fact, our extraction costs are higher than usual. Why do you think this may be the case?

Interesting. We can further divide extraction costs into:

- 1) Cost of machinery (drills, motors, etc.)
- 2) Power
- 3) Labour
- 4) Restoration of site

Am I missing out on any costs at this stage?

You have listed most of the relevant costs. The power used at this stage to run the machinery is unusually high.

Okay. This could be due to the following reasons:

- 1) Old machinery: Due to wear and tear, our machinery may not be as efficient as before.
- 2) Terrain: Maybe the terrain is different and our drills have to expend more energy to extract oil.
- 3) Wastage: It is possible that power is getting wasted at some point such as transmission.
- 4) Deepness: More power may be expended to extract the oil if it is located deeper in the ground.

Spot on. We had taken up a new project in Assam a couple of months ago. The terrain has been difficult to work on and our costs have seen an increase. What would you recommend?

The following solutions can be explored:

- 1) Using manpower to loosen the terrain to make it easier for the machinery
- 2) Changing our machinery to ensure energy efficiency
- 3) Recovering the cost from the end-consumers

Good. We can end the case here.

Oil Be There For You

Framework

DECLINING PROFITS OF AN ENERGY COMPANY

Clarifying Questions

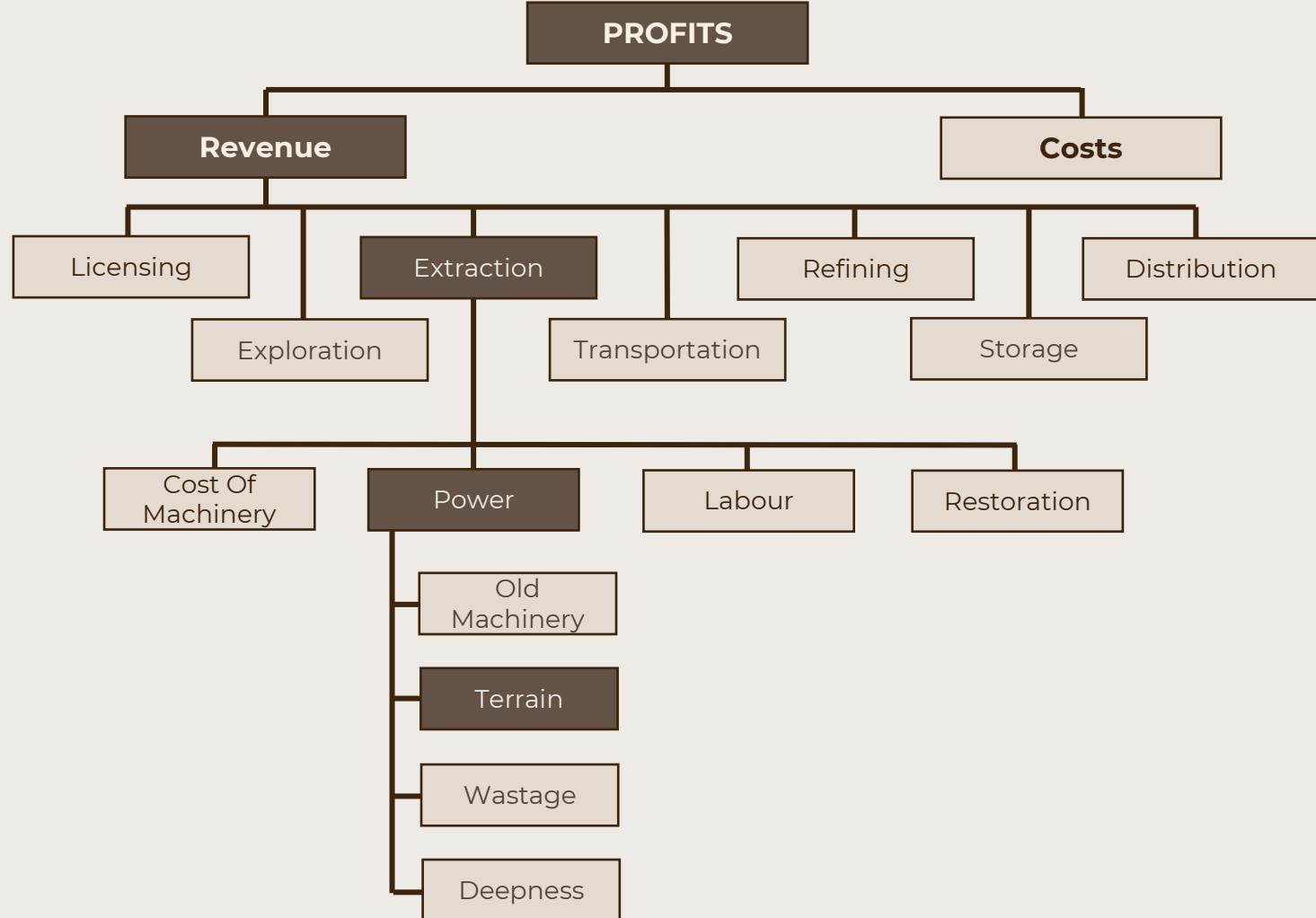
- What does the company do?
- Specific region or all over the country?

Brownie Points

- Mentioning restoration of land as an important cost.

Keep In Mind

- Try going through at least 1 case in every major industry to familiarize yourself with their operating model.



Hotel California

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

BCG

ROUND

PARTNER

INDUSTRY

FOOD & BEVERAGE



DIFFICULTY

Hey. Your client owns a restaurant facing a 10% decline in profits since the last 2 months. You have been hired to analyse why and suggest recommendations to turn around the situation.

Sure. I'd like to understand a little bit more about the client's business. Where is the restaurant located? What type of restaurant is it? Do we sell both online and offline?

The client has its restaurants spread across the USA, with 12 branches in total. It is a chain of multi-cuisine restaurants selling both food and beverages (alcoholic & non-alcoholic). It's a traditional restaurant chain. They sell via online and dine-in modes for our customers.

Have all branches seen a decline in profits?

The decline in profits is observed only in one particular branch, located in a popular market area in California.

Interesting. How have competitors in this area performed?

All competitors have performed well.

Okay, I can begin now. I know that the decline in profits can be attributed to either a decline in revenues or an increase in costs or maybe a combination of both?

No change has been observed in the costs. Let's see why the revenue has declined.

Sure. I can think of 5 revenue streams for a restaurant – Dine-in, Take away and Delivery (Own and aggregators), Advertisements, Parking, Leasing out area. Which of these has all changed in the last 2 months?

The client has observed a decline in revenue from dine-in.

I would like to segment revenue from Dine-in into - Number of customers x Bill amount/customer. Do we know which one has seen a decline?

Number of customers has declined.

Fall in the number of customers could be because of supply or demand reasons. Do we know which one has seen a decline?

Our capacity to serve food has not changed. In fact, there are no issues on the supply side.

Fall in demand could be because of decline in Quality of food, Overall experience, Affordability, Awareness, Promotion and Availability of complementary goods.

In fact, we have no reason to believe any of this has changed. What else can you analyse?

Hotel California

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

BCG

ROUND

PARTNER

INDUSTRY

FOOD & BEVERAGE



DIFFICULTY

Oh. I'd like to understand certain things better then. Has there been a change in the demographics of customers we attract, change in customer tastes or if the fall in demand is related to a particular time of the day. For example - we may have low occupancy during lunch time, etc.

Good question. Most of the decline has been from the youth segment. All other segments have not seen a change.

Interesting. I'd like to understand the reason for the same. My next segmentation would be Ability and Want. Under Ability, I'd like to look at factors that are restricting their ability to visit our restaurant. Under Want, I'd like to look at factors that are undesirable (or more desirable for competitors) causing them to not come even though they have the ability to.

Great. You can say the answer lies in Ability.

That means that the youth have, in the last 2 months, decided to go to competitors but not us because there is something restricting them. My hypothesis is that we have certain regulations with regards to under-age entries – Either denying them from drinking alcohol or denying their entries during party nights – something that competitors might not be so strict about.

Spot on! The issue is that the adjacent restaurants have removed the age restriction on serving alcohol, and serve to everyone without an ID. Hence, more people, especially the younger generation are preferring their restaurants over ours. You can give recommendations now (On next page).

Thank you!

Hotel California

Framework & Recommendations

DECLINING PROFITS OF A RESTAURANT

Clarifying Questions

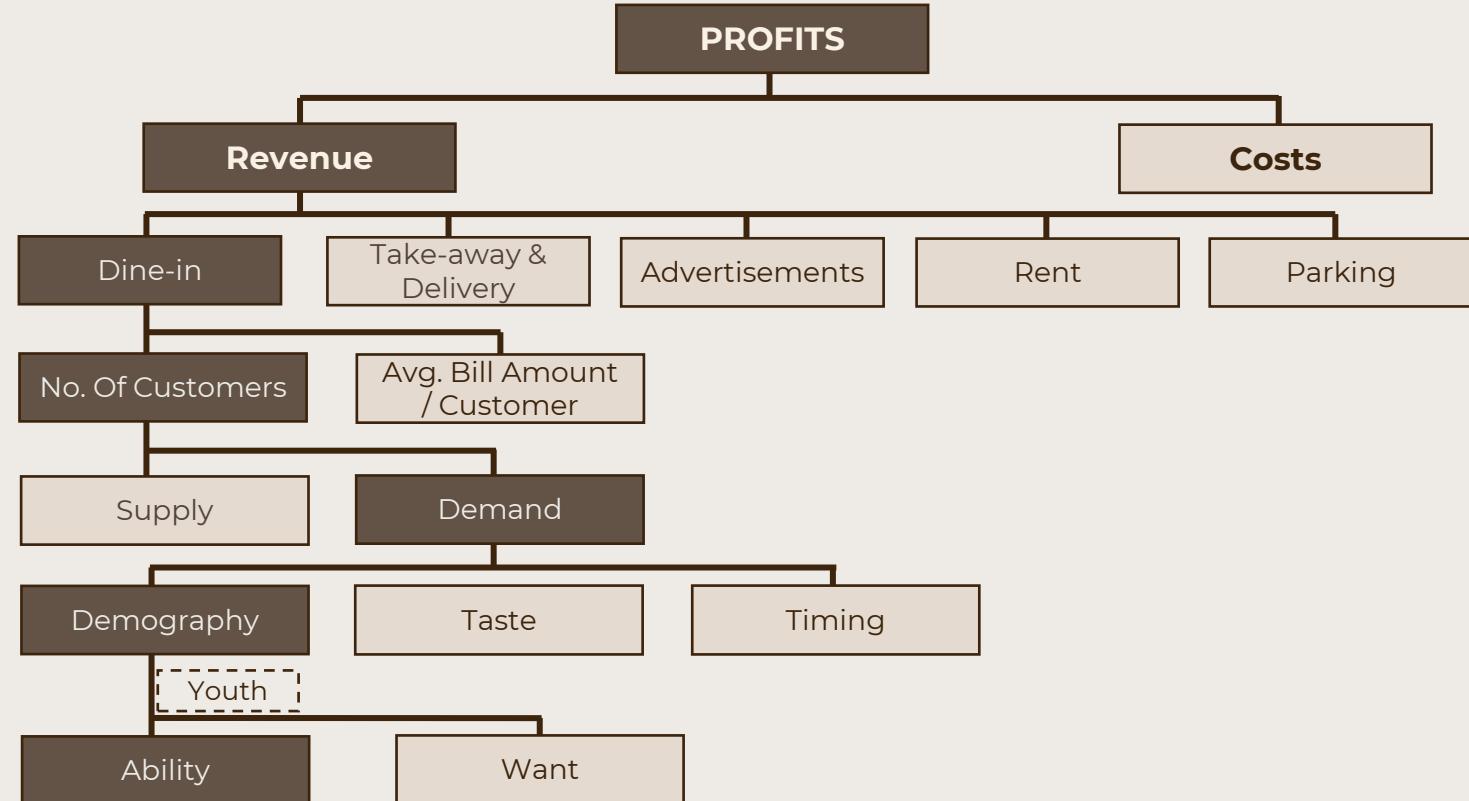
- Where is the client located?
- All branches?
- How have competitors performed?

Brownie Points

- Emphasizing the importance of complementary services and goods as a reason leading to decline in demand

Keep In Mind

- You might get stuck in interviews. Try to trace your steps back and collect more information if unsure.



RECOMMENDATIONS

- We can explore the option of providing mocktails to our customers that are non-alcoholic
- We can have party nights and other attractions (Movie night with screening) to attract the youth
- Inform the authorities of the malpractices followed by competitors
- Excessively market new dishes and restaurant experiences to attract different customer segments

Chip-o-Tale

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

BAIN & COMPANY

ROUND

PARTNER

INDUSTRY

FMCG



DIFFICULTY

Hey. Let's start with a case. Your client is Fringles, a famous Soya chip manufacturer in India. Fringles has been reporting declining profits for the last one year. They have approached you to diagnose the problem immediately.

Interesting. I'd like to understand the problem a little better. Can I know the quantum of decline in profits? I'd also like to understand if profits have gone down across India?

Sure, profits have gone down by 20%. Good question. Profits have been affected only in Western India. The rest of India has reported good results.

Okay. I'd like to know the product categories we offer in Western India?

Sure. For the purpose of this case, assume there is one type of Classic Soya Chip sold in Western India by us.

Great. I'd like to know if our competitors in Western India have also seen a decline in profits?

No, they haven't. You can assume it is a client-specific issue.

Great. I can now begin. Profits are a function of revenues minus costs. So, I'd like to understand whether revenue has fallen or costs have increased or a combination of both?

Focus on revenues.

Since we are focussing on only one type of product, this becomes our primary revenue source. Are there any other revenue streams I need to identify?

No. You may proceed.

Sure. Revenues from the Classic Soya Chip can be down due to the volume sold or due to the average price charged. My hypothesis is that the volume sold has gone down and the price has remained constant since the problem is only in one part of India.

You're right, let's look at volume sold.

Analysing the steps of the value chain (candidate ignores market size since it is not an industry-wide problem), do we know if there has been a fall in the production, distribution, or demand of our Classic Soya Chip?

There has been a fall in demand.

Sure. So, for some reason, customers have been preferring our competitors' products over ours. I would like to analyse the following buckets.

- 1) Need: Maybe there has been a reduction in the need for the type of chips we sell, probably due to substitutes. But since it is not an industry-wide problem, I do not think this is the cause.

Chip-o-Tale

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

BAIN & COMPANY

ROUND

PARTNER

INDUSTRY

FMCG



DIFFICULTY

- 1) Awareness: This would entail both positive promotion and publicity we're undertaking that might have gone down or negative publicity that we've received. Our competitors might also be aggressively pushing their products.
- 2) Affordability: Maybe our competitors have reduced prices or they have been offering more lucrative payment schemes.
- 3) Accessibility: Here, I would benchmark how many stores our competitors are present in and also look at how dispersed we are compared to them to ensure that we're accessible to all customers.
- 4) Experience: Here, I would analyse the entire experience, from buying our product to its taste and other features.

Brilliant. In fact, let's look at the need aspect.

That's interesting. There seems to be a need of the consumers that is being fulfilled by our competitors but not by us. I'd like to divide this need into 3 types:

- 1) Method of packaging – They might prefer certain types of packaging over others. Eg. Recyclable packaging.
- 2) Quality and health considerations – There might be a requirement for healthier chips. Eg. Cholesterol-free or baked chips
- 3) Status and public perception – Certain brands might have a perception attached to them that we do not.

Great. You have identified it correctly. The last one year has seen a huge wave of baked goods in Western India. While all competitors have taken note of this, we haven't reacted to it yet and are still making fried chips. You may give us your recommendations now.

(Recommendations on next page) Thank you for the case!

Chip-o-Tale

Framework & Recommendations

DECLINING PROFITS OF FRINGLES

Clarifying Questions

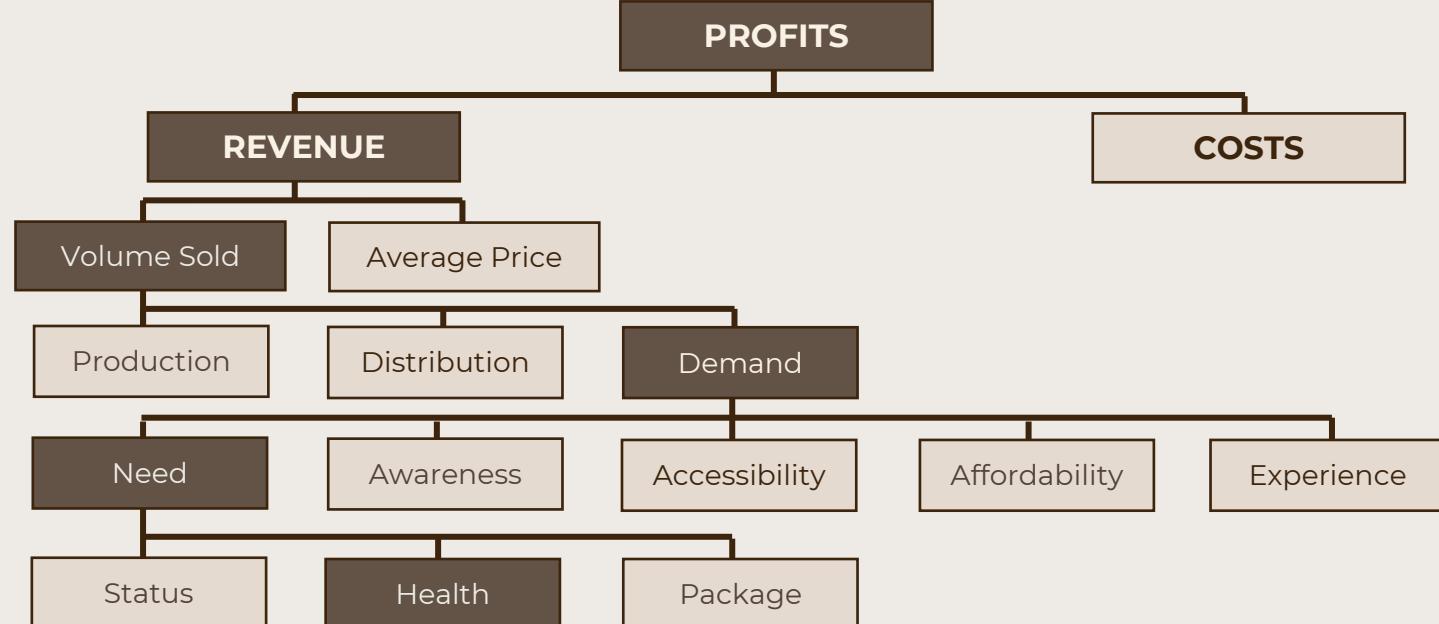
- Segmenting problem geographically
- Product types the client offers
- Competitor benchmarking in the same period

Brownie Points

- Dividing recommendations into long and short term to tackle different problems
- Identifying multiple types of needs customers may have

Keep In Mind

- Interviewers often throw curveballs based on your line of thinking. Try to hypothesize but be willing to accept that some hypotheses might not be right.



RECOMMENDATIONS

Short-term	Long-term
<ul style="list-style-type: none">• Advertise the healthy aspect of our chips• Launch a campaign targeting people from different parts of Western India through relatable advertising	<ul style="list-style-type: none">• Launch a variant of our soya chip that is baked to regain market share• Launch multiple flavours of baked chips across India since the health-conscious wave is bound to spread to other parts of the country too

Max Problems at Mini-so

Walkthrough

CASE TYPE

PROFITABILITY

CURATED BY THE
AUTHORS



INDUSTRY

RETAIL



DIFFICULTY

Your client is the owner of one of the Miniso stores in Delhi and the store has been facing declining product sales. You need to analyse why this is happening and also recommend solutions accordingly.

Sure, thank you for the case. I would like to begin by understanding the case better. Firstly, are we talking about the departmental store which sells a variety of products from stationery to cosmetics?

Yes. That's right.

Since when have we been facing this problem and do we know the magnitude of the decline?

We have been facing this problem since March 2020. So, roughly 4 months. There has been a 60% decline in revenues.

Alright. 60% seems like a huge decline. Do we have information on whether other Miniso stores and other competitors in our locality have faced a decline of a similar magnitude?

Our competitors, as well as other Miniso stores, have faced a decline of about 30% in revenues.

Okay, so the market, in general, is not doing well. In addition, there is a factor that is affecting our firm more. The general decline could be because of the lockdown imposed in Delhi in March.

Accurate observations.

Next, I would like to understand if a certain product line has been affected more, or if the decline is uniform?

The decline is quite uniform across all lines.

Got it. So our revenues can be affected by:

- 1) Supply-side constraints which seems more likely given our competitors are not affected by this factor
- 2) Demand-side constraints

Your hypothesis is correct. We have reason to believe it is a supply-side constraint.

Thank you. For a store like Miniso, the supply-side would consist of procurement and distribution. Do we have information on which of these has been an issue in the past 4 months?

Sure. We have reason to believe that it's an issue with our distribution push.

Great. We can understand distribution push by mapping the customer journey.

Max Problems at Mini-so

Walkthrough

CASE TYPE

PROFITABILITY

CURATED BY THE
AUTHORS



INDUSTRY

RETAIL



DIFFICULTY

The stages are-

Stage 1 - Before Entry

Stage 2 - After Entry

Stage 3 – Billing

In terms of 'Before Entry', we need to analyse if people are finding it difficult to enter the store. A few reasons could be -

- 1) Construction work outside our store
- 2) Our entry gate is blocked by an obstruction such as a tree or a barricade
- 3) Accessibility in terms of non-functional elevators or broken steps
- 4) Long security checks
- 5) Parking facilities
- 6) Listing on google maps

Coming to 'After Entry', we need to analyse what might stop them from buying the product.

- 1) Sub-optimal placement of the products
- 2) Unavailability of or untrained/unmotivated staff
- 3) Unavailability of shopping bags/carts
- 4) Lack of signage for direction

Finally, coming to 'Billing Stage', we can look at the following -

- 1) Number of counters and efficiency of the counters
- 2) Payment methods offered - online and offline
- 3) Availability of carry bags

You have identified the reason correctly. Due to the pandemic, people prefer using online modes of payment. This branch has not implemented this yet. What would you suggest to the store?

The store needs to accept online modes of payment like Paytm, Google Pay, Bhim, etc. to tackle this specific problem in the long run. To immediately tackle the problem, the store manager can accept the payments on a personal number to not lose customers. The store can also implement home delivery to better deal with the lockdown imposed and make use of social media marketing through WhatsApp, Instagram, etc.

These are all good suggestions, thank you!

Max Problems at Mini-so

Framework & Recommendations

DECLINING REVENUES IN MINISO

Clarifying Questions

- Since when?
- What about other branches?

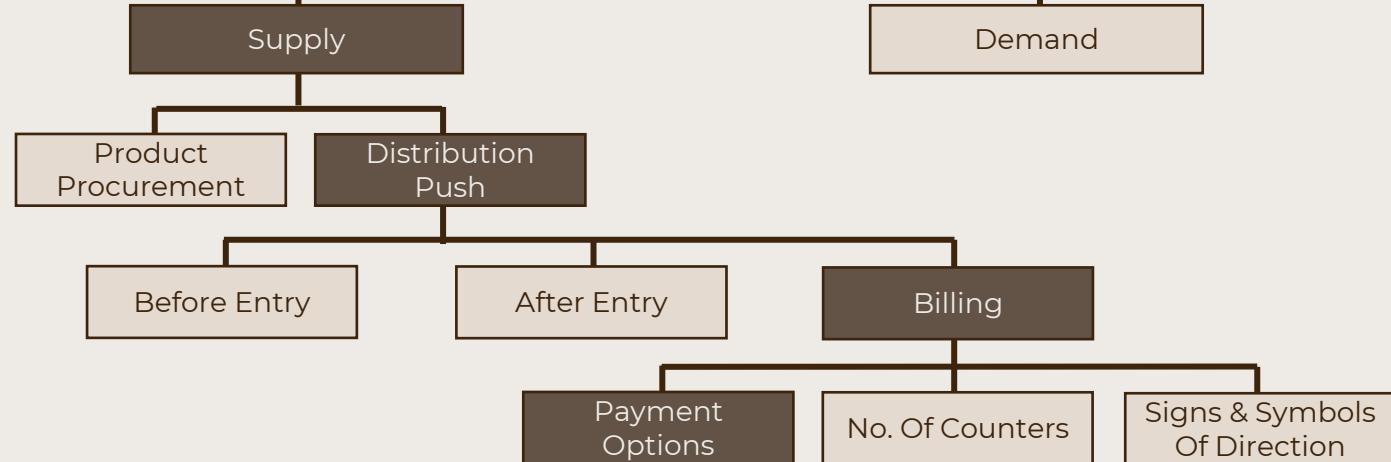
Brownie Points

- Listing on Google Maps
- Contextualizing with respect to the pandemic

Keep In Mind

- It is important to segment the various branches of the store to isolate the problem

REVENUE



RECOMMENDATIONS

- Immediately accepting payments on a personal number
- Implementing online payment modes
- Home delivery of products

Mall of Fame

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

BCG

ROUND

MANAGER

INDUSTRY

RETAIL



DIFFICULTY

I have an interesting case for you. Your client is the owner of a mall in South Delhi. Over the last month, the mall has made higher than normal profits and is concerned about the same. He wants you to find out why this has been happening.

Sounds interesting. I would first like to know why the higher profits are a cause for concern?

The owner wants to know whether the increase in profits is of a temporary or sustainable nature.

Got it. Do we know how much profits have increased by? Have other malls in South Delhi seen a similar increase in the last month?

Profits are up by 4%. We don't have information about the other malls.

My approach would be to first find out what has been driving the higher profits and then figure out if this is of a sustainable nature. Let's break down profits into revenues and costs. Either there has been an increase in the mall's revenues or there has been a decrease in the mall's costs. It is also possible that there has been a change in both.

The mall's revenues have seen an increase. There has been no significant change in the costs.

Understood. Malls have multiple revenue streams – Rent from leasing space, advertisements and sponsorships, proceeds from events and parking fees. I hope I have not missed out any significant revenue source. Do we have information on which of these revenue streams have seen an increase in the last month?

Yes. There has been an increase in the revenue we make from our parking lot.

Before isolating the cause behind the same, I would like to understand the system a little better. Do we allow both two-wheelers and four-wheelers to park? How do we charge them? A flat rate or on a per-hour basis? Has there been a change in any of these? I would also like to understand if there has been a change in the capacity of the parking lot? Does the parking lot only cater to mall visitors or is it open to outsiders as well?

Only four-wheelers can park. A flat rate of Rs 70 is charged. There has been no change in the above and the capacity too has remained the same. The parking lot is restricted to mall visitors only.

Okay, that is helpful. We can now use the following formula to isolate the cause:

Revenue from parking in the month = Number of working days in the month * Average number of cars/day * Flat Rate

Since there has been no change in the rate, either the number of working days has been higher or there have been more cars entering our parking facility on an average.

Mall of Fame

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

BCG

ROUND

MANAGER

INDUSTRY

RETAIL



DIFFICULTY

It is the latter.

Okay.

Average number of cars/day = (Number of mall-goers * % coming in cars)/(Number of people/car)

Do we know which of the above factors has seen a change?

In fact, the % of mall-goers coming in cars has increased.

Hmm. Since the total number of mall-goers has remained the same but the % coming in cars has increased, there are two possibilities. One, they are forced to come in cars because some other mode of transport has become less convenient. Two, they choose to come in cars because it is more convenient for them now. Let's start by exploring the first possibility. The various ways in which people can arrive at the mall other than cars include – on foot, bus, auto and metro. Do we have information on whether the decrease has been uniform across these modes or if there's a specific mode that has seen a fall?

You're right, other modes, specifically the metro, have become less convenient. The number of people coming by metro has reduced significantly. What are the some reasons you can think of that might be causing this?

Sure. I can think of the following reasons:

- 1) Cost of commuting by metro has gone up
- 2) Time taken to commute by metro has increased
- 3) There have been recent apprehensions regarding the metro service due to incidents such as accidents and breakdowns
- 4) The station may have been shut down temporarily or shifted to a different location

You are right. This is because the station outside our mall has been shut for maintenance. The next closest metro station from our mall is 5 km away and is inconvenient for people. Why don't you conclude the case now?

Makes sense. The revenue from the mall's parking lot has seen an increase due to the increase in cars, owing to the unavailability of metro services in the area. Unfortunately, this increase is temporary as people may go back to using the metro once the maintenance is complete. The mall owner can consider increasing the parking rate until the metro station reopens to make even higher profits in the short run.

Mall of Fame

Framework & Recommendations

INCREASE IN THE PROFITS OF A MALL

Clarifying Questions

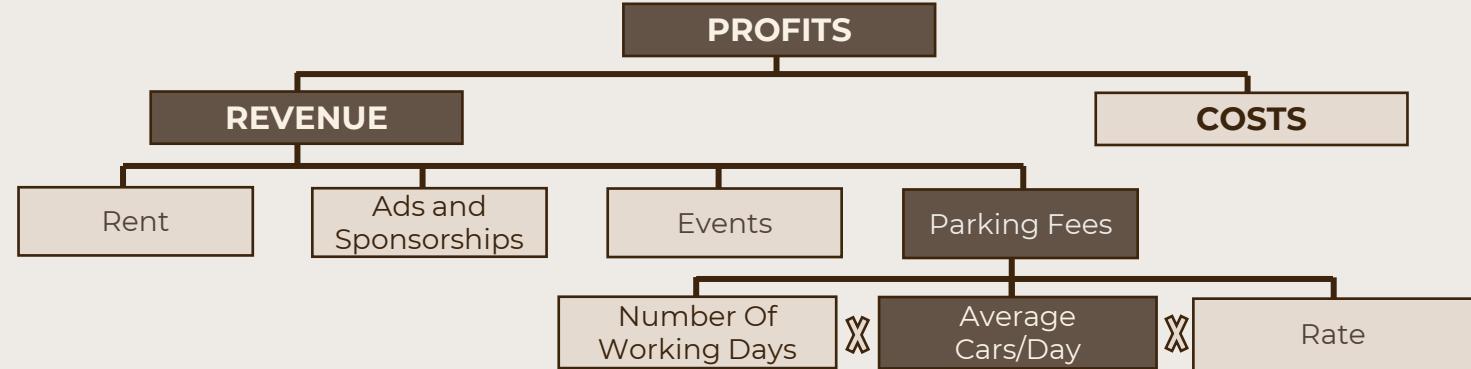
- Why is increase in revenues a cause of concern?

Brownie Points

- Suggesting increasing rates in the short run

Keep In Mind

- Formulas are a great way of breaking down cases



Average Cars/Day = Number Of Mall-Goers X Percentage Coming In Cars X Number Of People/Car

CARS INCREASED



RECOMMENDATIONS

- Increasing parking rate in the short run
- Optimising the parking fee structure – opting for an hourly rate rather than a flat rate so that people coming for short durations don't stay away

Grey's Anatomy

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

KEARNEY

ROUND

BUDDY

INDUSTRY

HEALTHCARE



DIFFICULTY

Let's start with a case. Your client is ABC Hospital in Kolkata. Over the last two months, they have been facing a decline in revenues and would like your help in figuring out why this may be happening.

Understood. Before we move into why the revenues may be declining, I would like to understand the situation better. Is ABC a chain of hospitals or are we talking about a single establishment? Are we talking about Pre-Covid times?

There is only one hospital. It is located in East Kolkata. The year is 2020 and the pandemic is at its peak. What else would you like to know?

I would like to know how much revenues have declined by. Have other hospitals in the area seen a similar decline? This will help me understand if the issue is specific to our hospital and I can drive my hypothesis accordingly.

Makes sense. Revenues have declined by 8%. A few other hospitals have reported a decline as well.

Interesting. As per my knowledge, hospitals have numerous revenue streams. These include medical services, advertisements, rent charged to vendors who have set up operations in the hospital and miscellaneous services like parking and refreshments. I would like to know if I'm missing anything. If not, we can identify the segments facing a decline and delve deeper into that.

This seems quite comprehensive. Why don't we look at medical services?

Sure. We can further break down revenues from medical services into consultancy charges, diagnostics, treatment and pharmacy sales. I would like to understand which of these services has taken a hit in the last two months. Consultancy includes the preliminary meetings between the patient and the doctor. By diagnostics, I'm referring to all the pathological tests and scans conducted by the hospital. After the diagnostics stage, treatment would involve processes like surgeries. Here, I would also like to account for bed charges in the In Patient Department (IPD). Lastly, I would like to know if our in-house pharmacy is facing a decline in revenue.

The revenue earned from diagnostics has seen a major decline.

Okay, that's interesting. Is the decline uniform across the In Patient Department (IPD) and Out Patient Department (OPD)? Also, do we have data on which tests and scans are facing this decline?

Good question. We are facing this decline only among Out Patients. You can assume all tests and scans are facing this decline.

Makes sense. Now that we have a fair idea of the key driver of our revenue decline, I will now try to isolate the reason for the same.

Grey's Anatomy

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

KEARNEY

ROUND

BUDDY

INDUSTRY

HEALTHCARE



DIFFICULTY

I would first like to understand if there has been a change over the last couple of months in our capacity to cater to the Out Patients. However, since other hospitals have reported a similar decline, this seems unlikely.

There has been no change in our facilities or capacity to cater to the demand.

That means we are facing a reduction in demand for our diagnostic services.

Revenue from diagnostic services = Number of Out Patients * Percentage requiring tests/scans * Percentage opting for our diagnostic services * Number of tests/patient * Charge/test.

Do we know which of these factors has seen a decline?

Yes, we do have data on that. The number of tests prescribed to our Out Patients has not seen a change. Our charges have remained the same as well.

Interesting. Either the patients are not getting the tests done at all or they are getting it done elsewhere. The latter seems more likely as medical tests are usually not skipped by individuals. This means they are getting their diagnosis done elsewhere. Again, there are two ways in which this may be happening:

- 1) Self: Through easy-to-use equipment such as BP machines
- 2) Externally: Through other hospitals or alternate establishments such as diagnostic laboratories

Since the pandemic, home services which are app-based have also caught on quickly.

Spot on. Recently, our hospital introduced a tele-consulting service on its application. Hence, our patients were no longer required to come to our hospital to consult doctors. They are now getting tests done from laboratories which visit their houses and collect the samples. This is both convenient as well as safer. We can end the case here.

Grey's Anatomy

Framework & Recommendations

DECLINING REVENUES IN ABC HOSPITAL

Clarifying Questions

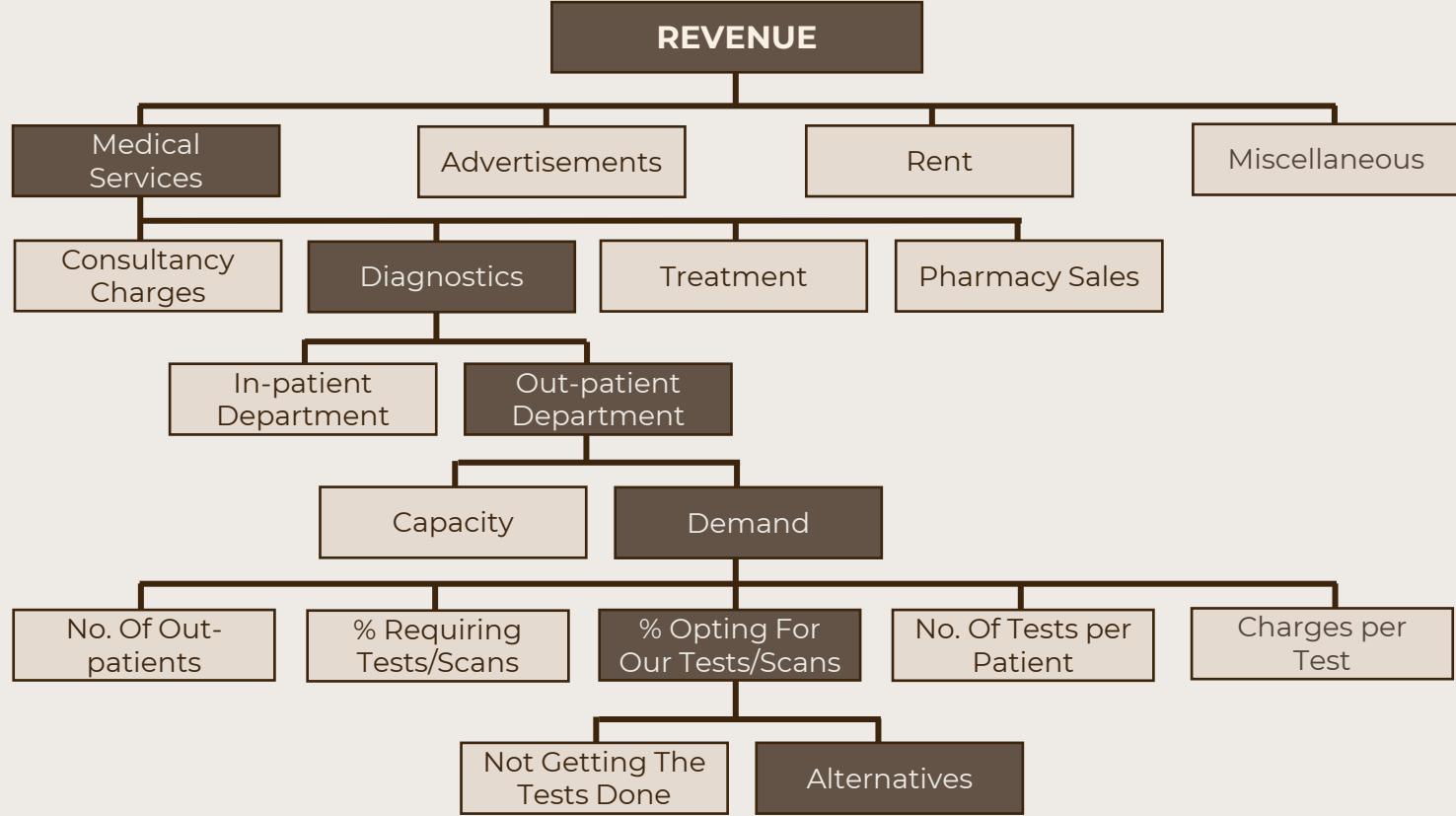
- Pre-Covid or during Covid?
- Chain of hospitals or a standalone establishment?

Brownie Points

- Mentioning increasing demand of home services.

Keep In Mind

- While asking for information, it is better to also tell the interviewer why you need that information.



RECOMMENDATIONS

- Introducing home collection of samples
- Acquiring a diagnostic laboratory to increase revenues from tests/scans
- Partnering with a laboratory and recommending their services to patients in return for a commission from the laboratory

Make-Up for Lost Profits

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

KEARNEY

ROUND

BUDDY

INDUSTRY

COSMETICS



DIFFICULTY

Let's begin with the case. Zendaya is a cosmetics manufacturer. The Board of Directors (BOD) is worried about the company's declining sales. It wants you to diagnose the problem and come up with a turnaround strategy. How will you go about it?

Sounds like an interesting case. I would first like to understand the company better and then move on to the problem at hand. What are the product lines Zendaya is involved in? Does the company sell its products pan-India? Also, what are the distribution channels we use?

The company has four product lines: Nail Polish, Perfumes, Skin Care and Hair Care. They sell their products pan-India and use their own as well as third-party distributors.

Interesting. It is possible that the decline in profits is specific to certain product lines, geographies or distribution channels. Do we have data on the same?

Yes. In fact, there has been a decline in revenues only in our 'Perfumes' segment. However, the decline has been uniform across geographies and distribution channels.

Okay, that's helpful. Do we know the magnitude of decline? I would also like to know since when Zendaya has been facing the problem. This will help us understand the nature of decline better.

Perfume sales have seen a decline of about 10% over the last 2 years. Is there anything else you would like to know?

Yes. Before I proceed with my analysis, I would like to know if other perfume companies have seen a similar decline as well. Also, do we have any segmentation in the perfumes we sell?

Other perfume companies seem to be doing fine. We sell perfumes under 2 segments: 1) Mass segment: These perfumes are priced below Rs. 200 and constitute 20% of perfume sales. 2) Premium segment: These perfumes are priced more than Rs. 200 and constitute the remaining 80% of perfume sales. The decline is limited to our premium segment.

Understood. Revenues are a function of:

$$\text{Number of Bottles Sold} * \text{Price/Bottle}$$

Has Zendaya changed the price of its premium perfume in the last 2 years? If not, it means the number of bottles sold has seen a decline.

Prices have not changed. Why don't you analyse the decline in the number of bottles sold?

Make-Up for Lost Profits

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

KEARNEY

ROUND

BUDDY

INDUSTRY

COSMETICS



DIFFICULTY

Sure. I would like to analyse three aspects here: Production, Distribution and Demand. It is possible that we have been facing issues in production due to labour strikes, factory closure, etc. However, this is unlikely as the decline has been taking place for two years now.

Under distribution, it would be interesting to know if our distributors are pushing our competitors' perfumes over ours. This too is unlikely as all our distribution channels seem to be facing the decline. Lastly, I would like to see if demand for our perfumes has seen a decline. This may be due to reasons like unpopular fragrances, negative publicity, etc.

You are right. We have reason to believe our competitors' perfumes are being preferred by customers. Why do you think this is happening?

There are several reasons why this may be happening. In order to further isolate the problem, I would like to look at 5 major drivers of demand: Need, Awareness, Accessibility, Affordability and Experience. Under need, I'm concerned with any change in customer preferences or requirements in the last couple of years. Under awareness, it is important to look at our promotional efforts and see how they compare to our competitors' in case we believe our target population is not aware of our perfumes. Under Accessibility, it is important that our perfumes are easily accessible to the end customers. Since we have multiple distribution channels, this should not be an issue. Affordability may not be very relevant in premium perfumes. However, I would still like to benchmark our prices with our competitors' prices and see if it is a concern. Finally, it is also important to analyse customer satisfaction and Experience. Do we know where we are facing an issue?

Yes. Customers are not very satisfied with Zendaya's premium perfume. Why don't you analyse customer experience?

Sure. At this point, it makes sense to draw a customer journey and find out at what stage we're losing them. The first step undertaken by the customer is to make a decision to purchase our perfume. He/she then visits a shop or website where the perfume is available. Subsequently, the customer navigates the shop or website and locates the perfume. He/she then completes the purchase by going through the billing process. Now, we come to the usage stage and see how satisfied they are with the product itself. Finally, we must also look at the quality of our customer service and feedback mechanism. Do we know at what stage customers have been expressing dissatisfaction? If not, we can dive deeper into each stage.

Excellent. You can limit your analysis to the usage stage.

Perfect. There are 4 things I would like to look at in this stage: Packaging, Fragrance, Life of the product and Defect rate. Under packaging, I would like to know if we or our competitors have made any changes to the type of packaging, size of the bottle/can and durability. Under fragrance, I am mainly concerned with changes made to the scents as well as ingredients used in the perfumes. For instance, it is possible that some ingredients may be inducing allergic reactions.

Make-Up for Lost Profits

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

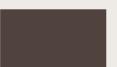
KEARNEY

ROUND

BUDDY

INDUSTRY

COSMETICS



DIFFICULTY

Life of the product includes both shelf life as well as number of uses of our perfume and if there has been any change observed. Lastly, it is possible that there is higher defect rate due to poor quality control.

Great. You have identified the problem correctly. In order to cut costs, Zendaya decided to replace their glass bottles with plastic bottles. Customers no longer feel that they are using a 'premium' product. What would you recommend?

Before that, I would like to know if the bottles are procured or manufactured in-house.

Raw materials are sourced from outside. However, manufacturing is done in-house.

Given that Zendaya has branded these perfumes as 'premium', the packaging will have to reflect the same.
(Recommendations on the next page.)

Good. We will pass on your suggestions to the company.

Make-Up for Lost Profits

Framework & Recommendations

DECLINING PROFITS OF ZENDAYA

Clarifying Questions

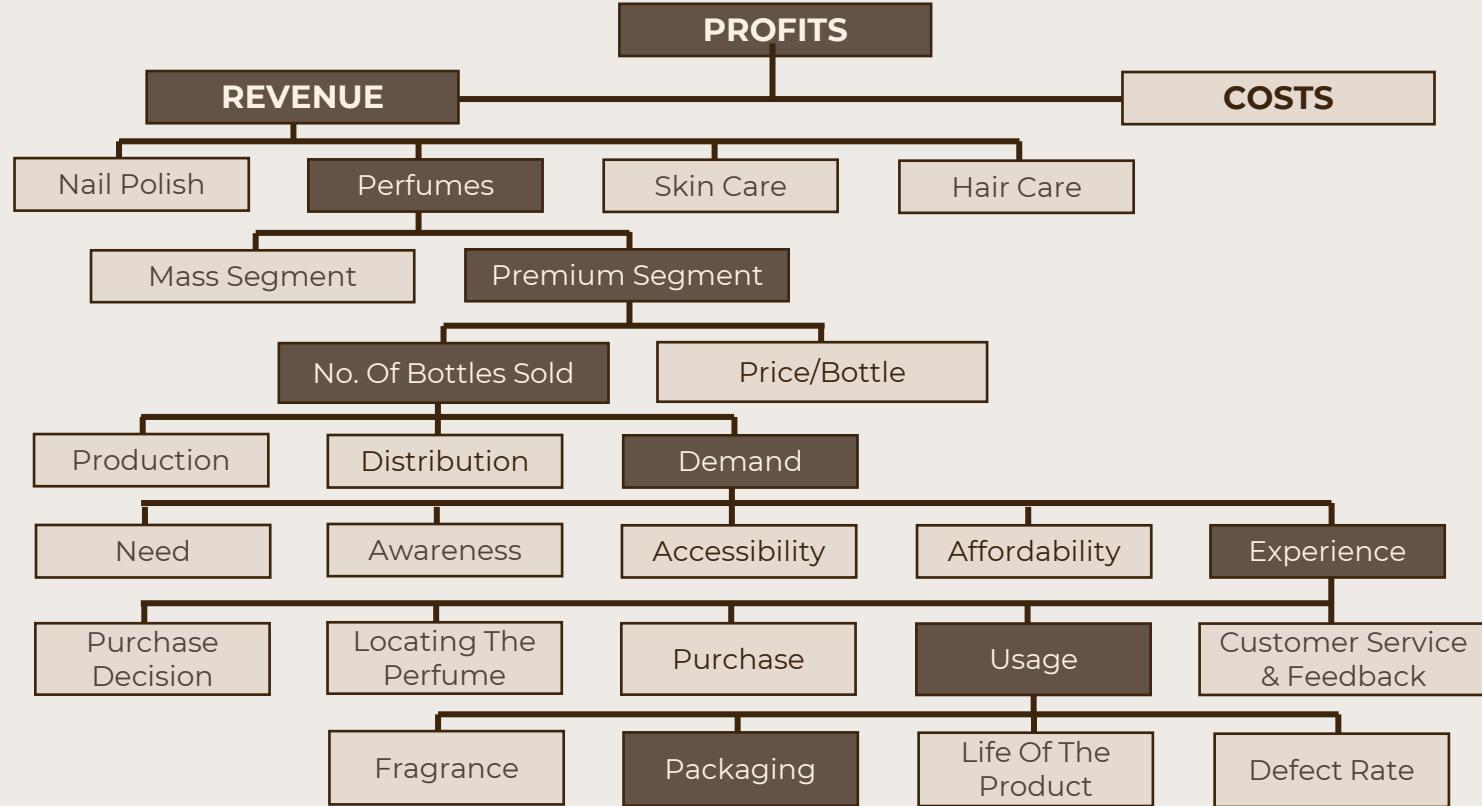
- What are the product lines?
- What locations does Zendaya sell in?

Brownie Points

- Exploring metallic bottles as an alternative

Keep In Mind

- Segment the problem wherever possible to arrive at the solution quicker



RECOMMENDATIONS

- Returning to the use of glass bottles either by negotiating with suppliers to bring down glass prices or procuring finished bottles. We can also consider recovering the added cost through our customers. However, this will involve a price increase which may adversely affect our market share.
- Refining our plastic bottles to better mimic glass and give a 'premium' feel.
- Exploring other options such as metallic bottles.

I Knew You Were Trouble When I Walked in

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

MCKINSEY & CO.

ROUND

PARTNER

INDUSTRY

RETAIL

DIFFICULTY

Your client owns a chain of departmental stores and has been facing a problem of declining revenue. You have been hired to analyse the situation and recommend solutions accordingly.

Sure. I would like to begin by understanding the problem a little better. Since when have we been facing this problem? Do we have any information on the magnitude of decline?

We have been facing this problem for the past 3 months. However, we don't have the specific numbers in this case.

Seems like a rather recent problem. Do we have information about the decline in revenue in our departmental stores across different locations? Are all stores affected equally?

We have 20 stores across India and 2 stores in Delhi out of which one has been significantly contributing to this problem.

Interesting, do we have any information on whether other stores in the same locality have been facing similar declines as well?

Good question. No other stores have been facing a similar issue.

Thank you. Next, I would like to understand the business better. Given that it is a departmental store, can I assume it to be similar to Big Bazaar? Out of the multiple departments we have, is there a particular department (eg – clothing) that has faced a greater decline?

Yes, you can assume it to be similar to Big Bazaar. The decline has been fairly uniform across all departments.

Sure, thank you!

The Revenue can be affected by

- 1) The quantity sold
- 2) Price of the products

It is also possible that the product mix has changed and this has resulted in lower revenues. Do we have any information on what has changed in the past 3 months?

Alright. So, we have seen a change in the quantity sold, you can analyse this further.

Quantity sold can be affected by

- 1) Supply-side issues
- 2) Demand-side issues

I Knew You Were Trouble When I Walked in

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

MCKINSEY & CO.

ROUND

PARTNER

INDUSTRY

RETAIL



DIFFICULTY

There has not been any change on the supply side, you can analyse the demand.

Sure, the demand of our product can be broken down into:

$$\text{Quantity sold} = \text{Footfall} * \% \text{ that make purchases} * \text{Quantity purchased per person}$$

Under footfall, we will be analysing factors like the 'Needs' of the customers, 'Awareness' among the customers and 'Accessibility' to our store.

Under '% that make purchases', we will be looking at their journey after they have entered the store.

Great. The percentage that make purchases has changed.

At this point, we can look at 3 stages: Before entering the store - Shopping Experience - After selecting products

A. Before entering the store

- 1) Parking
- 2) Security check and baggage deposit

B. Shopping experience

- 1) Product-related factors
- 2) Assistance
- 3) Ambience
- 4) Layout/Infrastructure

Under product-related factors, we can look at:

- Brands that we are offering compared to that of our competitors
- Shelf-life of our products
- Product placement - Products may be kept at higher shelves. Certain products may be placed near billing counters.

Under Assistance, we can look at:

- Availability and quality of staff
- Availability of shopping bags and carts
- Signs and Symbols for direction

Under Ambience, we can look at:

- Music – whether it is loud or unpleasant
- Smell – whether there is a change in fragrance
- Hygiene and cleanliness
- Temperature - too cold or too hot

I Knew You Were Trouble When I Walked in

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

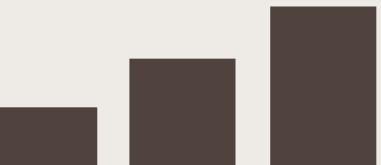
MCKINSEY & CO.

ROUND

PARTNER

INDUSTRY

RETAIL



DIFFICULTY

Under Layout and facilities, we can look at:

- Non-functioning lifts
- No ramps for the carts
- Steep stairs

C. After selecting products

- 1) Number of billing counters
- 2) Carry bags provided

You have covered everything, as it turns out the store recently changed its cleaning detergent which has a distinct fragrance. This has not been well-received by certain customers. Hence, they leave the store hastily without purchasing anything.

Thank you sir. Yes, makes sense.

I Knew You Were Trouble When I Walked in

Framework & Recommendations

DECLINING REVENUES OF A DEPARTMENTAL STORE

Clarifying Questions

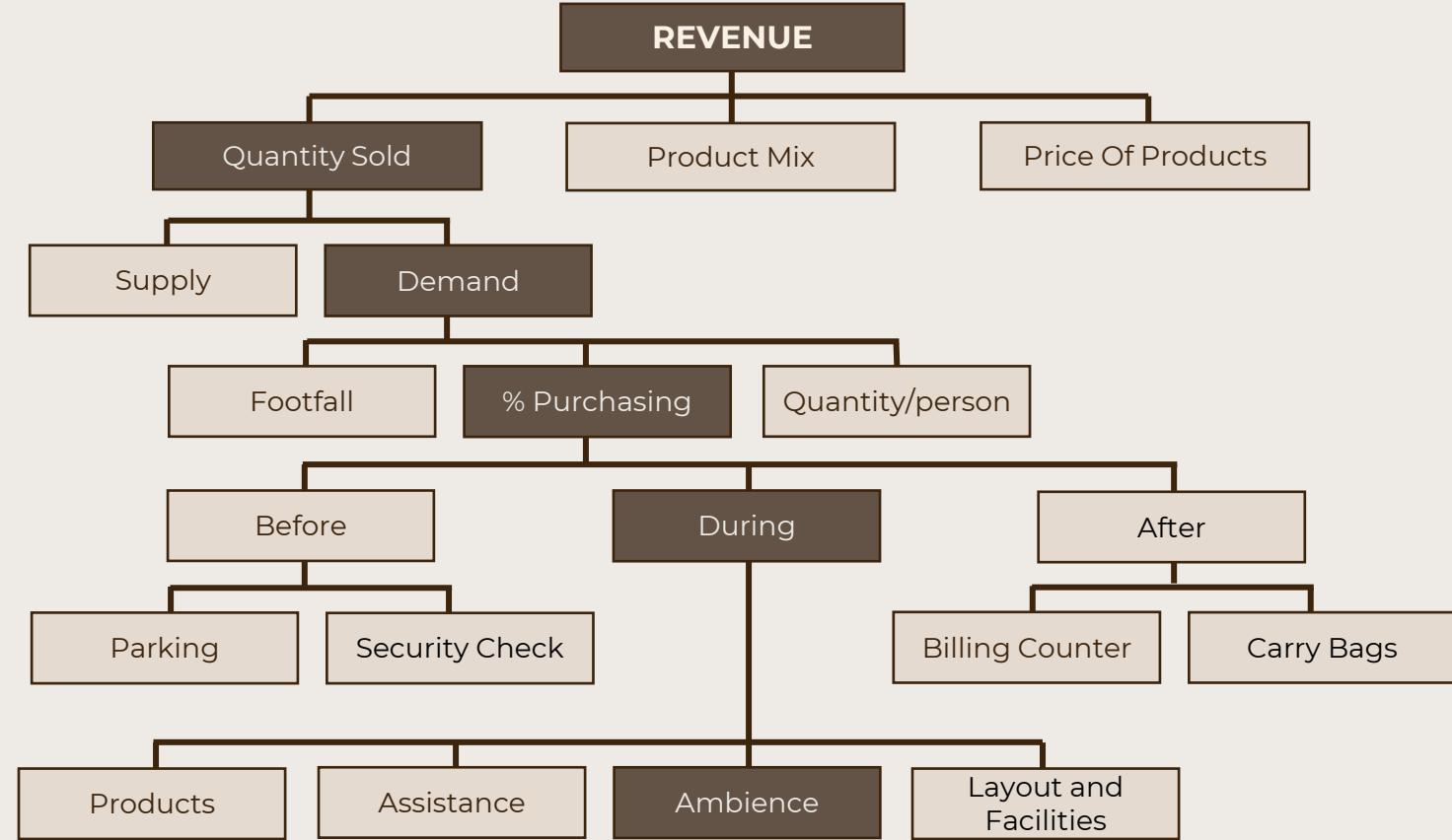
- Whether other stores are facing a similar problem?

Brownie Points

- 'After selecting the product' has been looked at as this affects repeat sales

Keep In Mind

- Mapping the process helps in isolating the problem faster



RECOMMENDATIONS

Short-term

- Switch to the older detergent
- Change the time of cleaning so that the smell does not linger during working hours

Long-term

- Understand customer preferences through surveys and other methods before implementing operational changes

As You Sow, So Shall You Reap

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

KEARNEY

ROUND

BUDDY

INDUSTRY

AUTOMOBILE

DIFFICULTY

Hey. Your client is an Automobile manufacturer that has been facing a decline in profits over the last 2 years. They want you to analyse why this is happening and then give solutions.

Okay, so our client is an automobile manufacturer. Does that mean they manufacture cars and 2 wheelers?

No. In fact, they manufacture only tractors.

That's interesting. Do we have information on where the client is located and what the customer segments are? Have we faced a decline in any particular segment?

The client is located pan India and caters mainly to farmers. It has faced a decline across the country.

Where does our client lie in the value chain? Does it just manufacture and distribute the tractors?

Our client manufactures and then sells the tractors in its own stores. It also does marketing for the same.

Finally, do we have any segmentation on the type of tractors we sell and if our competitors have also faced a decline in profits in the last 2 years? Also, are our tractors a commoditized product?

For the purpose of this case, assume that the client sells only one type of tractor and that competitors have been seeing an increase in profits in the last 2 years. Yes, all tractors in the market are commoditized.

Great! It is a company-specific problem then. I believe that the decline in profits can be attributed to either a decline in revenues or an increase in costs or a combination of both.

Could you quickly list out the revenue streams and major costs that the company would be facing?

Sure. The revenue streams would be sale of tractors, rent from tractors, value-added services, after sales services and sale of parts and spares. The major costs would be variable costs such as raw materials, processing, transportation, storage, labour and marketing and fixed costs such as land, interest, machines, stores and labour.

Is there any Fixed Cost you might be missing?

Oh yes! Considering we are an end-to-end manufacturer, we must be incurring significant R&D expenditure.

Perfect. Let's now look at our revenue from the sale of tractors. This has gone down. Revenue from value-added services and after sales services has in fact gone up. We shall analyse that later on. Everything else has remained constant.

Sure. Revenues from tractors can be down due to number of tractors sold or due to a reduction in average price charged per tractor. Considering this is a commoditized product, my hypothesis is that the number of tractors sold has gone down and price has remained constant.

As You Sow, So Shall You Reap

Walkthrough

CASE TYPE	
PROFITABILITY	
COMPANY	
KEARNEY	
ROUND	
BUDDY	
INDUSTRY	
AUTOMOBILE	
DIFFICULTY	

Yes. That is right.

Analysing the steps of the value chain (candidate ignores market size since it is not an industry-wide problem), do we know if there has been a fall in the production, distribution or demand of our tractors?

Demand has gone down.

Sure. For some reason customers have been preferring our competitors' products over ours. I would like to analyse the following buckets:

- 1) Need: Maybe there has been a reduction in the need for the tractors we sell, probably due to substitutes. However, since it is not an industry-wide problem, I do not think this is the cause.
- 2) Awareness: This would entail both positive promotion and publicity we're undertaking that might have gone down or negative publicity that we've received. Our competitors might also be aggressively pushing their products.
- 3) Affordability: Maybe our competitors have reduced prices or they have been offering more lucrative payment schemes like EMI's that we do not. This is especially important in the context of our customers – primarily farmers – that have seasonal incomes.
- 4) Accessibility: Here, I will benchmark how many stores our competitors' tractors are sold in and also look at how dispersed we are compared to them to ensure that we're accessible to all customers.
- 5) Experience: Here, I will analyse the entire experience, from buying our product to its day-to-day use.

That's comprehensive! Let's look at experience.

(Draws a customer journey) First, I will look at the pre-buying stage where the consumer gets to know about our tractors through marketing, word-of-mouth, etc. Next, I will look at In-Store experiences, since we operate our own retail outlets. Following this, I will analyse the method of delivery of the tractor once the order is placed (This is an important step as the tractor should not arrive at the place of delivery in a sub-standard quality or at an inconvenient time). I think the most important step in the experience would be the day-to-day use of the tractor and its various qualities. I'd also like to add the possibility of sending a company representative to familiarise the customer with the tractor. Lastly, I'd like to look at after-sales services.

Perfect! Let's further analyse In-Store experiences and after-sales services. The rest seems to be at par with competitors.

Beginning with In-Store experiences, I'd like to divide the factors into staff-related, store-related and miscellaneous. Staff-related would include training, uniform, competence, quality of service and availability. Store-related factors would include sufficient space, ambience (odour, colours used, background music), layout and related factors. Miscellaneous factors include the atmosphere outside the store – for example, some construction or drainage site right outside the store and anything else that diminishes the in-store experience.

As You Sow, So Shall You Reap

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

KEARNEY

ROUND

BUDDY

INDUSTRY

AUTOMOBILE

DIFFICULTY

Great job. It was observed that the staff was often rude and unwelcoming to the customers leading to reduced sales and poor satisfaction levels.

Oh okay. Would you like me to analyse reasons for the same?

In fact, it was observed that the number of perks we are offering to our sales staff has gone down recently due to a change in management.

Sure, I'll keep that in mind. I would first like to analyse after-sales services. I would divide the after-sales segment into – Types of services offered, ease of booking service, quality of service, time taken to complete service, location of service and grievance-handling.

Is there anything you are missing out on?

Oh yes, indeed. Cost of after-sales servicing.

Exactly. Go ahead.

Can you tell me the cost structure of our after-sales services?

Sure. For the first 3 years, all servicing is done free of cost, post which, we charge an average of Rs. 5,000 per service.

Interesting. Is this comparable to our competitors?

In fact, our competitors offer 5 years of free service and then charge an average of Rs. 3000 per service.

Aha! This explains the increase in revenue from after-sales services. However, the marginal increase is clearly not enough to compensate for the loss from the sale of tractors. To justify the higher price, we would require a higher quality of service. Is that so?

No, in fact, after-sales service too is commoditized. We charge a high price because we were unaware of the prevailing rate in the market. Let's move on to recommendations.

Sure! Recommendations can be divided into a 2x2 matrix with high and low feasibility on one axis and high and low impact on the other axis (*Refer to diagram*). The recommendations are: Improved perks to staff based on sales, training of staff, non-monetary incentives like employee of the month, routine checks of performance. Coming to after-sales services, a simple reduction of price would be most feasible with an extension of the free servicing period. Else, we can improve the quality of service and keep the rate same therein targeting high-end customers.

Perfect. We can close the case here. Thank you!

As You Sow, So Shall You Reap

Framework & Recommendations

DECLINING REVENUE OF AUTOMOBILE MANUFACTURER

Clarifying Questions

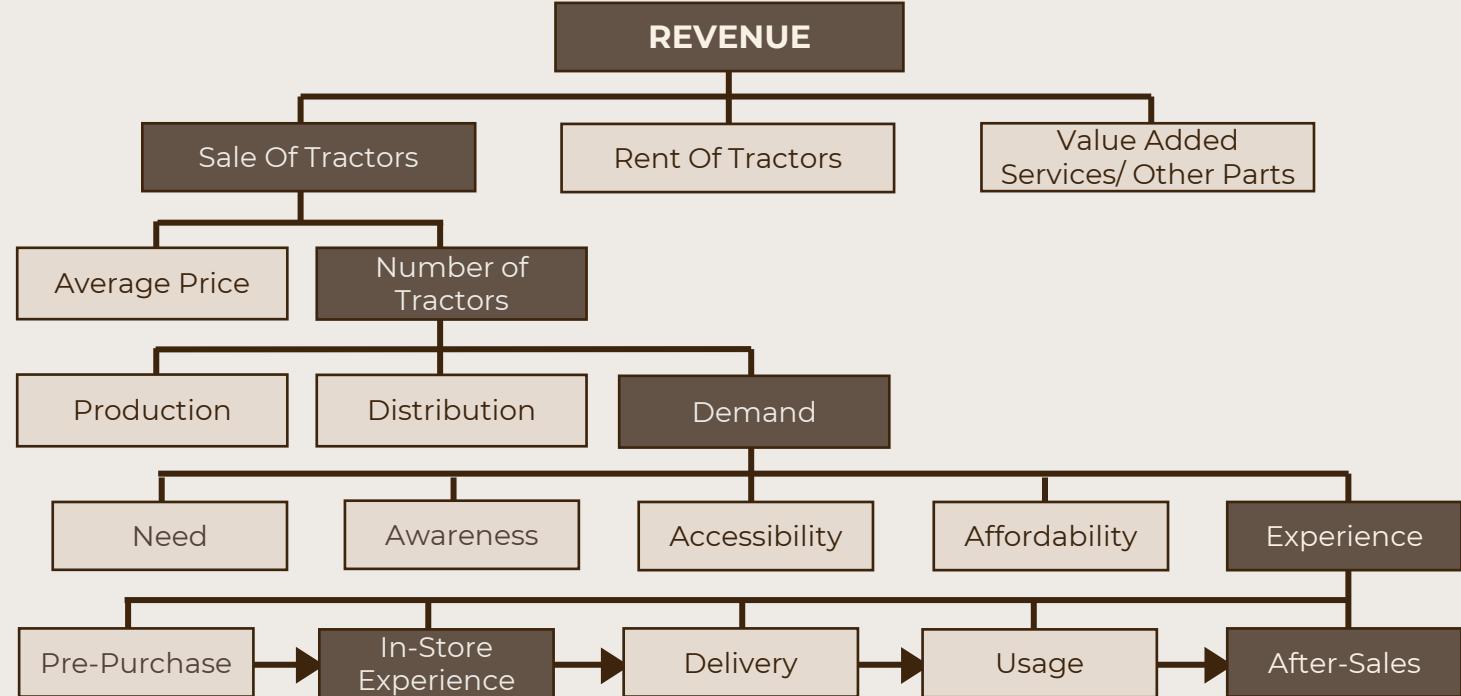
- Where does the client lie on the value chain?
- Is the tractor a commoditized product?
- Segmentation of problem based on geography

Brownie Points

- Importance of EMIs in rural markets
- Giving recommendations in a 2x2 matrix

Keep In Mind

- Make sure to never stop immediately after reaching the problem. Try to analyse why the problem occurred as it would help in your recommendations later on.



RECOMMENDATIONS

Particulars	Low impact	High impact
Low feasibility	Improving quality of service for higher price	Monthly checks of performance
High feasibility	Reduction of price for same quality	Improved perks and re-training of staff Marketing of changed after-sales service prices

Charlie and the Candy Factory

Walkthrough

CASE TYPE

PROFITABILITY

CURATED BY THE
AUTHORS



INDUSTRY

FMCG

DIFFICULTY

Hey. Your client is Mr. Wonka, CEO of Wonka Industries. Wonka Industries has been facing declining profits in the last 2 months. He has hired you, a famous connoisseur of candy, to solve his woes.

Interesting. I'd like to understand the problem a little better. Where exactly is Wonka Industries located? How much is the decline in profits? What are the various types of candy he sells?

Sure, he sells across Australia. He has seen a 15% dip in profits. He offers two types of candy, the Premium Wonka and the Midget Wonka.

Okay. Has this decline been across Australia or restricted to a particular part of Australia? Have both types of candy seen a decline?

The problem has been across Australia. No, in fact only the Premium Wonka has seen a dip in profits while the Midget Wonka has continued to grow.

Interesting. Lastly, I'd like to understand the competitive landscape and if any competitor has seen a similar decline in profits?

No, they haven't. You can assume it to be a client-specific issue.

Great! We shall focus only on the Premium Wonka segment. I believe that the decline in profits can be attributed to either a decline in revenues or an increase in costs or a combination of both?

Focus on revenues.

Sure. Revenues from Premium Wonka can be down due to the volume of candy sold or due to the average price charged per candy. Do we know whether the volume sold has gone down or if the price has changed?

Sure, let's look at the volume sold.

Analysing the steps of the value chain (*candidate ignores market size since it is not an industry-wide problem*), do we know if there has been a fall in either the production, distribution or demand of our Premium Wonka?

There has been a fall in Demand.

Sure. So, for some reason customers have been preferring our competitors' products over ours. I would like to analyse the following buckets. 1) Need: Maybe, there has been a reduction in the need for the type of Premium Wonkas we sell, probably due to substitutes. However, since it is not an industry-wide problem, I do not think this is the cause. 2) Awareness: This would entail both positive promotion and publicity we're undertaking that might have gone down or negative publicity that we've received. It is also possible that our competitors have been aggressively pushing their products. 3) Affordability: This would include any reduction in prices by our competitors or lucrative payment schemes offered. 4) Accessibility: Here, I would benchmark how many stores our competitors are present in and also look at how dispersed we are compared to them ensuring we're accessible to all customers. 5) Experience: Here, I would analyse the entire experience, from buying our product to its taste and quality.

Brilliant. Let's look at Affordability.

Charlie and the Candy Factory

Walkthrough

CASE TYPE

PROFITABILITY

CURATED BY THE
AUTHORS



INDUSTRY

FMCG

DIFFICULTY

That's interesting. I know that we have not changed our prices in the last 2 months. This means that the competitors are either offering their products at a cheaper price or are offering payment methods that are more convenient.

Good observation. From now on, let us assume that there is just one competitor in the market, Rim Rams, that are offering their premium candy at a lower price.

I would like to understand how Rim Rams are able to offer their premium product at a lower price. Here, I would like to look at the size of their premium candy, the cost of raw materials and the percentage composition of the raw materials. It is possible that they are providing the same raw materials but are including a smaller percentage of the more expensive raw materials. Lastly, I'd also like to look at the cost of other factors of production to compare the overall costs and the markup over the cost they are charging as this might be lower than ours too.

Sure. Here's some information for you.

SPECIFICATIONS	PREMIUM WONKAS	RIM RAMS PREMIUM
Packet Dimensions (L*W*H)	4.4 x 1.3 x 0.8 inches	4.4 x 1.3 x 0.8 inches
Sugar content	25%	23%
Honey	5%	7%
Fruit extracts	30%	32%
Liquid solution	10%	8%
Artificial sweeteners	30%	30%
Cost of 1 kg Raw Materials	\$20	\$20
Cost of other factors of production	\$5/packet	\$5/packet
Markup Percentage	15%	15%

(Analyses table) There seems to be nothing here that suggests a reason for a difference in price. Small differences in composition would not result in such a big drop in profitability. Maybe there's something I'm missing.

What other information would you require?

(Thinks) Ahaa. It is possible that though the size of packaging is similar, the actual candy itself is much bigger than our competitor's. Therefore, we are using more raw materials per candy resulting in a higher cost! This explains how composition, cost and markup are similar.

Brilliant! You're spot on. It has been identified that our competitor's candy weighs 175 grams while our candy weighs 200 grams. You can now proceed to give recommendations.

Charlie and the Candy Factory

Framework & Recommendations

DECLINING PROFITS OF WONKA INDUSTRIES

Clarifying Questions

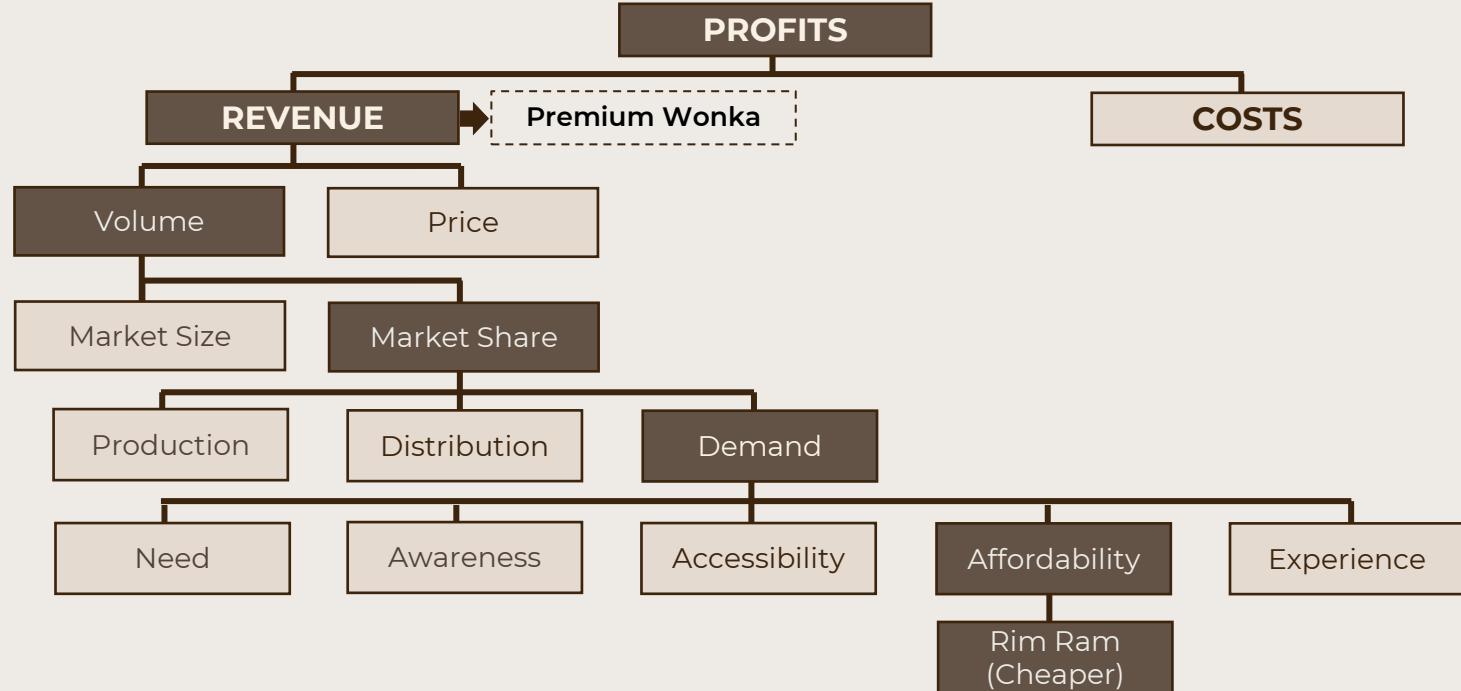
- Location of client
- Segmentation of products
- Competitor benchmarking

Brownie Points

- Under affordability, considering not just the fact that our products might be more expensive, but also that competitors might have reduced prices while ours have remained constant.

Keep In Mind

- Take time to analyse tabular data.
- Admit to the interviewer when you need a nudge



RECOMMENDATIONS

- We could follow the same strategy and increase the size of our packaging. This will lead to customers knowing that our product is bigger.
- We could advertise the difference in quantity in subtle manners communicating the larger candy size.
- We could ourselves reduce the size of the candy, resulting in a reduction in cost.
- We could reduce our markup percentage in order to be competitive.

Look Ma, I Can Fly

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

MCKINSEY & CO.

ROUND

BUDDY

INDUSTRY

AIRLINES

DIFFICULTY

Your client is the Airport Authority of India. They are concerned about declining revenues in the Bangalore Airport. They would like you to analyse why this may be happening and give suitable suggestions.

Do we know how much revenues have declined by and since when this has been happening? Also, have other airports in the country faced a similar decline?

Revenues are down by 4% since the last year. Other airports are doing fine.

Got it. The main revenue streams of an airport are:

- 1) Fee paid by airline companies to use the airport facilities, runways, etc.
- 2) Advertisements
- 3) Rent for space allocated to shops and stalls
- 4) Parking
- 5) Other services

Is this right?

Yes. What would you like to know now?

I am interested in knowing which revenue streams have faced a decline in the last year.

The decline has been observed in the revenue from shops.

Interesting. I have not been to Bangalore in a long time. Can I know whether these shops are located inside the airport terminal or outside?

There are a few shops outside the building. However, the decline has been in revenue from the shops located inside the airport. These shops are located near the boarding gates.

Okay, that is useful information. As per my understanding, there are 2 ways in which the Airport can make money from these shops – ‘Rent’ and ‘Commission on Sales’. Have both gone down?

The total commission received has reduced.

$$\text{Total commission} = \text{Number of shops} * \text{Commission/shop}$$

Since rent received has not seen a decline, it is unlikely that the number of shops has reduced. However, it is possible a few shops are closed for some reason. Alternatively, the commission/shop could have gone down.

The commission/shop has reduced.

Look Ma, I Can Fly

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

MCKINSEY & CO.

ROUND

BUDDY

INDUSTRY

AIRLINES



DIFFICULTY

Is this the case with all shops present near the boarding gate? Perhaps, there are only a few shops which have not been doing well.

That is not the case. All shops have been turning in less commission.

$$\text{Commission/shop} = \text{Number of customers} * \text{Basket Size} * \text{Commission Rate}$$

My hypothesis is that one or more of the above factors has seen a decline. However, it is also possible that the above factors have remained the same, but the shops are now under-reporting their sales figures and cheating the authorities.

Interesting insight. We are confident about our system and have no reason to believe that we are being cheated. Shops have reported a decline in the number of customers.

Okay. Since all types of shops have seen a decline, it is unlikely that the problem is with the shops. Either the customers no longer wish to buy products from the shops or they are unable to for some reason. The latter seems more likely.

We have no indication that demand has gone down. You're right. There must be something hindering the customers from making the purchases.

Okay. In order for customers to make purchases, they require the following:

- 1) Means of payment: Maybe an ATM inside has closed and the shops do not accept digital payments.
- 2) Time: The customers no longer have enough time to stop and make purchases.
- 3) Visibility: It is possible that customers aren't able to see the shops. Maybe there is some repair work going on and the area has been barricaded, reducing the visibility of the shops. Here, I would also like to know if there is adequate signage inside the airport directing the flyers to the shops.
- 4) Accessibility: Maybe there has been a limit placed on the number of people entering shops at a point of time.

Apparently, the flyers no longer have enough time to visit shops.

That is strange. It would make sense to analyse the flyer's journey at this point. The flyers first arrive at the airport. It is possible that they are arriving later than before due to factors like increased traffic, unavailability of cabs, etc. After this, they make a queue for preliminary verification at the main gate. Once they are inside, they proceed to the check-in counters. It is possible that this step is taking longer due to reduced check-in counters or some other reason. Next, they must complete their security check and baggage scan. Depending on how much time is left at this point, they may choose to visit certain shops before they board the flight. Do we know whether there has been an increase in time in any of the above steps?

The security check time has increased significantly. Why do you think this may be happening?

Look Ma, I Can Fly

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

MCKINSEY & CO.

ROUND

BUDDY

INDUSTRY

AIRLINES



DIFFICULTY

The following formula will give us the security check time:

$$\text{Security check time} = (\text{Number of flyers at a point of time} * \text{Turnover time/flyer}) / (\text{Number of lanes})$$

Has there been a change in any of these factors?

Good. We laid off a few security personnel last year. Thus, some lanes have been closed. This was done because some flyers had complained of rude behaviour by the personnel. What should be done?

The authorities can explore the following recommendations:

- 1) Replacing laid off personnel with new personnel
- 2) Training personnel to make sure such incidents do not happen in the future
- 3) Using technology to reduce security time. This includes better and more efficient X-ray machines and metal detectors

We will incorporate the same. Thank you!

Look Ma, I Can Fly

Framework

DECLINING REVENUES OF THE BANGALORE AIRPORT

Clarifying Questions

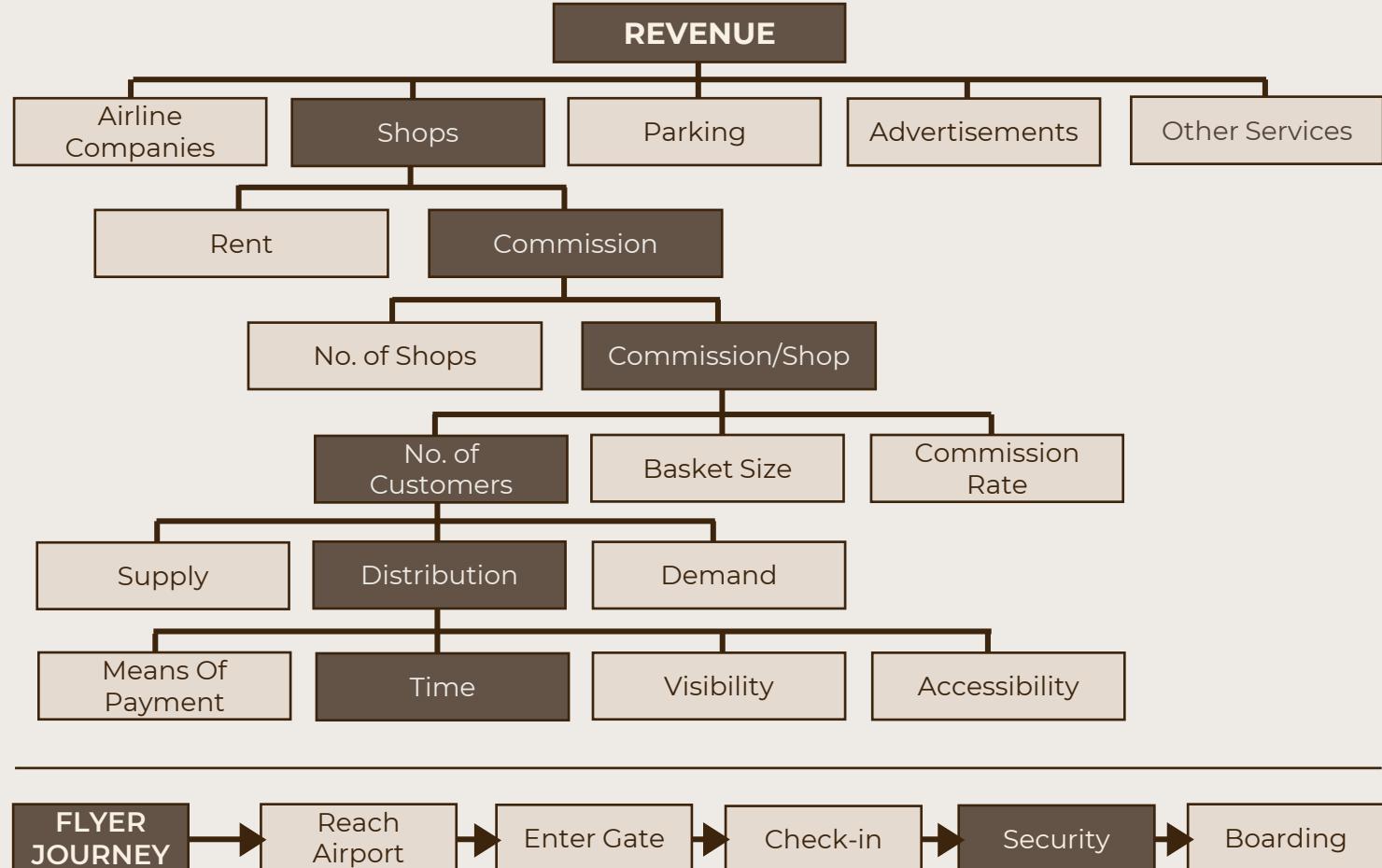
- Have other airports faced a similar decline?
- Where are the shops located?

Brownie Points

- Possibility of shops cheating the authorities
- Means of payment – ATM that can affect customer purchasing behaviour

Keep In Mind

- Make sure that the customer journey is comprehensive, otherwise you may miss out on the solution



$$\text{Security Check Time} = \frac{\text{Number Of Flyers} * \text{Turnover Time/Flyer}}{\text{Number Of Lanes}}$$

Terrible Times

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

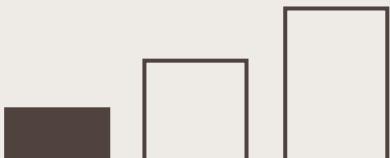
BAIN & COMPANY

ROUND

PARTNER

INDUSTRY

MEDIA



DIFFICULTY

Hey, let's begin with a quick case. Your client is a famous newspaper publisher in India. Their cost structure seems to be below par. They have asked you to consult them on the same.

What do you mean by below par? Since when have they been facing this problem? Is the problem specific to certain areas?

It means they are performing below industry standards. The problem has persisted for 6 months now across the country.

Sure. A little bit more about the client. What are the different segments they are present in – Daily newspapers, Online news, Editorials, Journals etc.?

Good question. They are involved only in the daily newspaper segment.

Sure. I can proceed now. I would first like to know if the fixed or variable costs are not comparable with the industry?

Fixed costs are comparable.

Then it must be variable costs. It would make sense to break the costs down into the value chain to see where the cost issue lies. Should I go ahead with the same?

Sure.

I believe this would be the value chain for a newspaper publisher:

Raw materials – Transportation – Content – Processing and Printing – Packaging – Distribution - Marketing
Let me know if I have missed out on anything?

This seems fine. There has been an increase in the distribution costs.

Okay. I would like to understand the distribution model the client follows. I would also like to compare this model with the industry model.

Sure. They use agents (*door-to-door sellers*) and vendors (*shops*) to distribute their newspapers. Agents are the primary source comprising around 70% of the newspapers sold. This is uniform throughout the industry.

Great. I want to understand if our costs have increased for both distribution channels or just one?

The cost incurred on agents has gone up.

Total cost of agents = Number of Agents * Cost per Agent

Do we know which one has been the problem?

Terrible Times

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

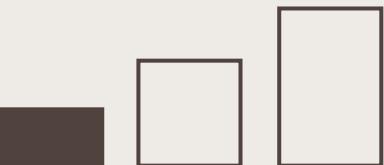
BAIN & COMPANY

ROUND

PARTNER

INDUSTRY

MEDIA



DIFFICULTY

We have a high cost per agent. Analyse why.

Sure. The agents provide a fairly standard service of delivering newspapers. The only difference could be because of quality in service demanded from these agents or contractual particulars such as lock-in period.

Good observation. Analyse the quality in service.

I can think of the following factors:

- 1) We (throwing etc.) might be expecting our agents to cover a larger area than our competitors
- 2) We might be expecting our agents to deliver the newspapers at an earlier time
- 3) We might be expecting our agents for preferential treatment regarding delivery of newspapers (not ruining quality by rolling,
- 4) We might be expecting our agents to also market and push our newspapers more

Spot on. You have correctly identified the reason. We are paying our agents a higher price because we recently started an initiative to be the earliest newspaper to be delivered by 5:00 AM every day. Due to this special request, agents have started charging us extra. You may give recommendations (On next page) and leave. Thank you.

Terrible Times

Framework & Recommendations

COST STRUCTURE OF A NEWSPAPER

Clarifying Questions

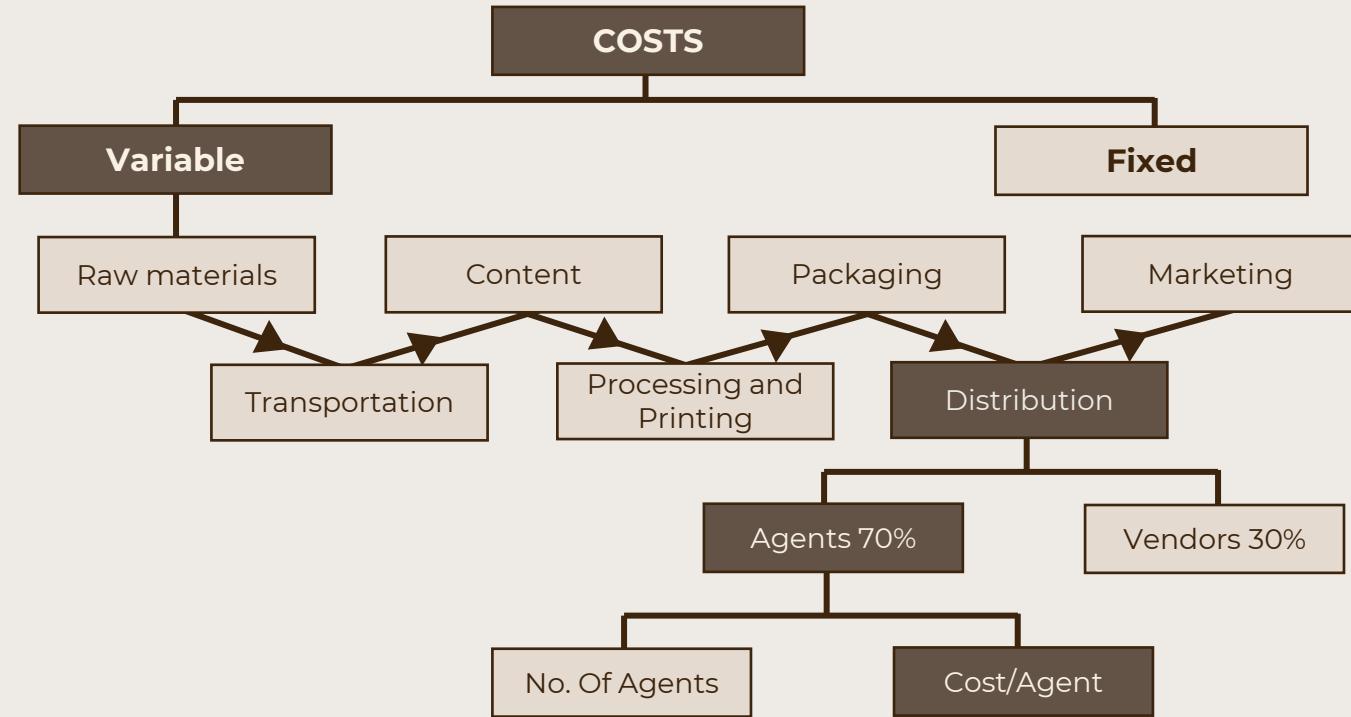
- What is below par?
- What type of newspaper?
- Time period of problem?

Brownie Points

- Larger area covered by agents for our newspaper
- Preferential treatment

Keep In Mind

- Developing the process map is an easy way to identify various costs.
- Always benchmark with competitors or previous performance to understand where the deviation is.



RECOMMENDATIONS

We can follow a two-fold approach:

- Ask customers if they would be willing to pay extra if newspapers are delivered early. If yes, charge them an additional fee and thereby pass the burden on to them. If they say no, newspapers can be delivered at the usual time.
- We should also heavily market our new USP of early delivery to increase revenues and offset the costs.

Empty Kart

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

ACCENTURE
STRATEGY

ROUND

PARTNER

INDUSTRY

E-COMMERCE



DIFFICULTY

Your client is an e-commerce player who has been facing the problem of increasing costs. You need to analyse why this is happening and recommend solutions accordingly.

I would like to begin by understanding our client better. Where is our client based? What does our client sell through their e-commerce platform?

Our client operates in India. It sells everything from mobile covers to clothes.

Got it. This is similar to Flipkart. Since when have we been facing this problem? What is the magnitude of the increase? Have other players in this industry faced a similar issue?

Costs are up by 25% in the last 3 months. No, other players are not facing this issue.

We can analyse costs by identifying the various components in the cost structure of the e-commerce platform. They include: Licenses, Research & Development, Website/App Development & Maintenance, On-boarding brands & individual sellers, Inventory procurement, Inventory management, Marketing & Sales and Delivery.

Do we have information on which of these costs have risen in the past 3 months?

Look at Inventory Management.

Do we keep our inventory in warehouses located in different areas across the country?

Yes. The warehouses are taken on rent.

Do we have information on whether the increase in cost is uniformly distributed across all areas and product lines?

The increase in cost is fairly uniform across geographies. Some product lines may be more affected. We don't know yet.

Inventory costs include –

- 1) Rent of the warehouses
- 2) Labour costs - Security and other staff
- 3) Maintenance costs – For example – Pest control
- 4) Inventory losses - Spoilage, Pilferage, Improper Handling

Do we have information on which cost has gone up in the past 3 months?

The inventory losses have gone up. Can you think of some reasons for the same?

Empty Kart

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

ACCENTURE
STRATEGY

ROUND

PARTNER

INDUSTRY

E-COMMERCE



DIFFICULTY

Inventory losses include:

- 1) Pilferage
- 2) Spoilage: The method of inventory management followed (First In First Out / Last In First Out). Maybe the Economic Order Quantity (*EOQ is an accounting concept. Do not worry if you are not familiar with this.*) is not being ordered. It is also possible that the warehouse conditions (temperature, moisture, pests, etc.) are not optimum.
- 3) Improper handling: Mishandling of items can lead to losses

Correct. Our client has recently implemented 1 day delivery because of which higher than optimal level inventory is maintained. This is leading to increased spoilage of goods, especially perishable ones. This is leading to higher costs. What do you think the client should do?

(Recommendations on the next page)

Thank you. We can close the case now.

Empty Kart

Framework & Recommendations

INCREASING COSTS OF AN E-COMMERCE PLATFORM

Clarifying Questions

- Since when has the client been facing this problem?
- Have the competitors faced a similar problem?

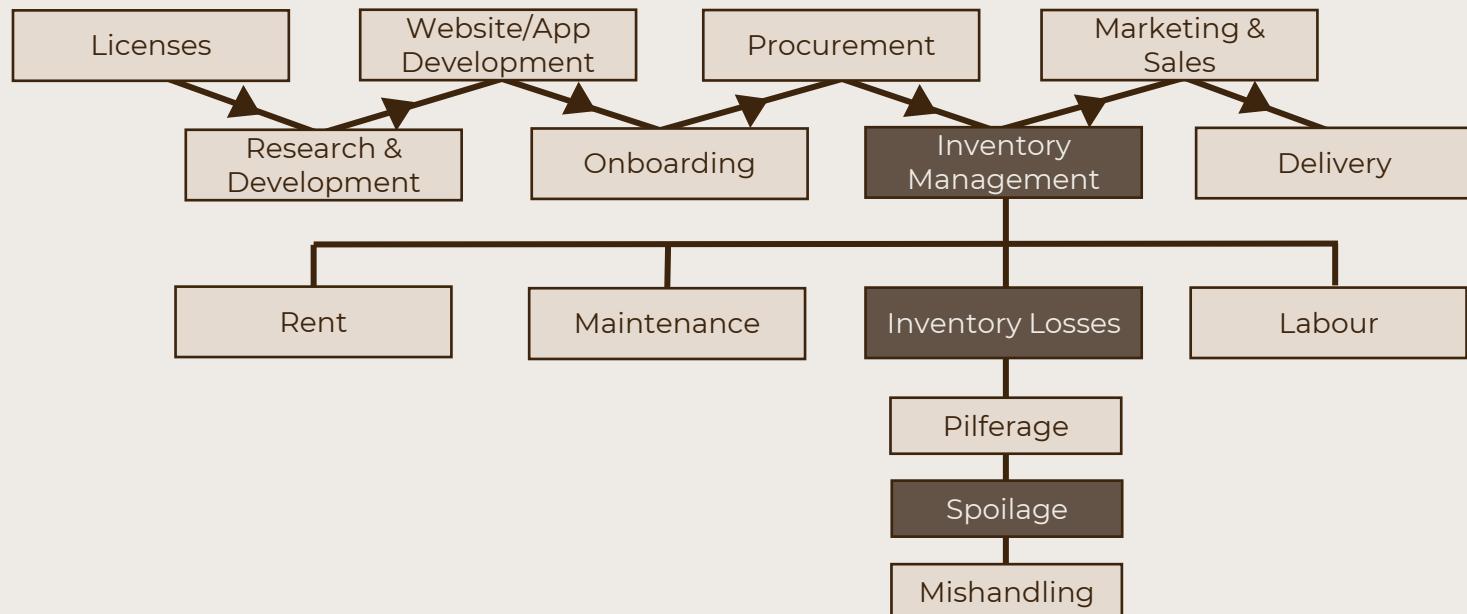
Brownie Points

- Insights such as FIFO, LIFO and EOQ

Keep In Mind

- Segmenting across geographies and product lines should be done in such cases.

COST STRUCTURE OF AN E-COMMERCE PLATFORM



RECOMMENDATIONS

- Start charging for 1 day delivery to cover for increased costs
- Implement the policy in select locations which has optimum demand
- Abandon the policy altogether
- Offer 1 day delivery on durable items only

Pulp Fiction

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

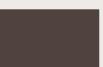
KEARNEY

ROUND

MANAGER

INDUSTRY

FMCG



DIFFICULTY

Your client is the CEO of a major juice manufacturer. She is concerned about the company's profitability compared to other competitors'. She would like your assistance in identifying the reason behind this.

Understood. I would like to know more about the manufacturer. What kind of juices do they produce? Are there any other revenue streams such as jams? Which geographies do they operate in? Where do we lie on the value chain.

For the purpose of this case, their only revenue stream is processed fruit juice that they sell across India. The company is involved in manufacturing and distribution. This is the case with our competitors as well.

Okay. I would now like to understand the problem better. The client is concerned about the company's profitability. This could either mean that the company is making less sales compared to competitors or they are incurring higher costs per unit of sales.

Good question. For every Rs 100 of sales, our competitors incur Rs 75 as cost. Our company incurs Rs 78 for the same.

Interesting. It is possible that we are a smaller company as compared to our competitors who may be enjoying the advantage of economies of scale. Do we have details as to the respective market shares of the major players in the market?

There are 5 major players in the market. We hold a 20% market share.

That rules out my initial hypothesis as we have a sizeable market share. Since the problem is with the company's cost structure, I would like to benchmark our cost structure with our competitors'. The first step would be to identify the major costs incurred in the process of manufacturing and selling the juice and then analyse the amount incurred under each head.

Go ahead.

The costs can be grouped into in-bound logistics, production, out-bound logistics and marketing. In-bound logistics can further be divided into raw materials and transportation of the materials to the production site. Production includes processing of the raw materials into juice and the subsequent packaging of the juice. Out-bound logistics include the storage and transportation of the juice and margins allowed to the resellers. Since I am not too familiar with the industry, it is possible that I have missed a few relevant costs.

You have covered all the major cost heads. We spend Rs. 3 more than our competitors on raw materials per Rs 100 of sales. Other costs are more or less equal.

Pulp Fiction

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

KEARNEY

ROUND

MANAGER

INDUSTRY

FMCG



DIFFICULTY

According to my knowledge, the raw materials used in fruit juices are fruit extract/pulp, sugar, preservatives and water. I would also like to know how the product is packed. Is the packaging done in-house? What about our competitors?

The juice is packaged in PET bottles. The preforms for the bottles are purchased. The preform is then heated in-house and blown into a bottle shape. Finally, the juice is filled into the bottles. Our competitors follow the same procedure.

Okay, so our raw materials will include these preforms. Do we know which raw materials we are paying more for in comparison to our competitors?

In fact, we are paying extra for the preforms.

The cost of preforms is determined by the following factors:

$$\text{Cost of preforms} = \text{Number of preforms} * \text{Cost per preform}$$

Number of preforms may be higher because we may be packaging in smaller quantities or there is wastage. Alternatively, our suppliers may be charging us higher for the pre-forms.

We use the same suppliers as our competitors. However, they are charging us more for the pre-forms. Why do you think this is the case?

That is strange. It is possible that the suppliers are incurring higher costs in producing our pre-forms due to special raw materials used or customisation required by our company. If not, they may be making higher margins from us due to lower negotiation power or contractual factors such as agreements for a shorter period.

Correct. Our company requires a different pre-form which is compatible with the machines we own. We can end the case here.

Pulp Fiction

Framework & Recommendations

TURNAROUND STRATEGIES FOR A JUICE MANUFACTURER

Clarifying Questions

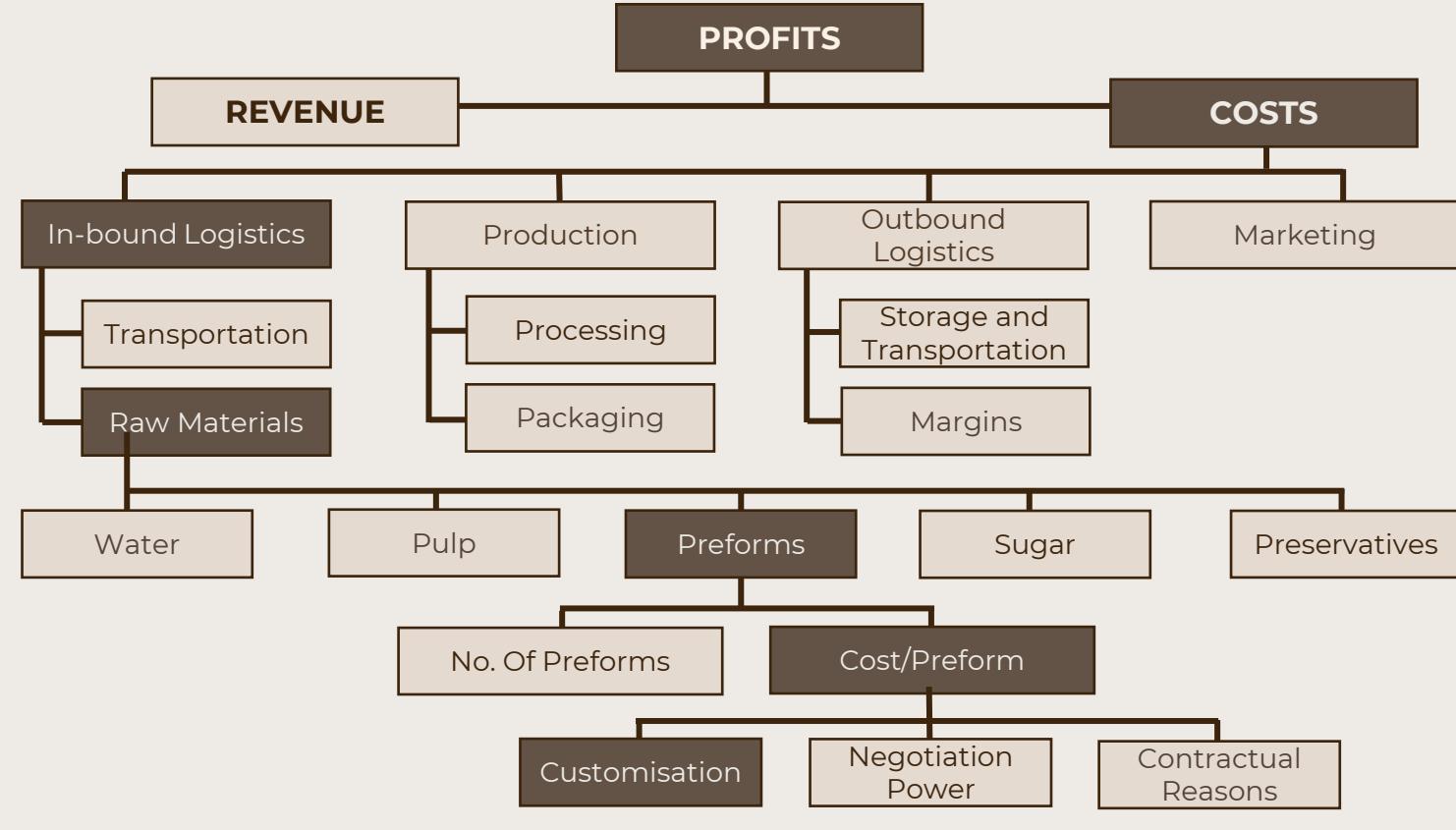
- What kind of juices does the company produce?
- What are the other revenue streams?

Brownie Points

- Asking for the market share to rule out economies of scale

Keep In Mind

- Most variable costs can be broken down into Number of units * Cost/unit



RECOMMENDATIONS

- Manufacture our own pre-forms after doing a cost-benefit analysis and confirming it is feasible to do so
- Change our packaging machinery if this will ultimately lead to cost savings

Don't Steel From Us

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

BAIN & COMPANY

ROUND

MANAGER

INDUSTRY

STEEL INDUSTRY

DIFFICULTY

Hey. Your client is a steel manufacturing company. You are required to diagnose why the company's costs have increased by 4% in the last 6 months.

Interesting. I'd like to understand the problem a little better. Where is our client located? Where are their customers located? Which step of the value chain do they lie on? Do they have different grades of steel?

Our client is located in Jamshedpur. They transport steel to 4 locations – Agra, Delhi, Mumbai and Haryana. They manufacture the steel and then transport it to various customers, mainly building manufacturers. For the purpose of this case, assume they make only one type of steel.

Great. Do we have any information on how competitors have fared in the last 6 months?

We do not have any information on that. You can proceed with your approach.

Sure. I'd like to break down our total costs into Fixed and Variable costs. Under Fixed costs, I'd like to analyse costs incurred on Land, Interest payments, R&D (Since we manufacture steel), Machinery, Factories, Fixed Component of Labour and other assets owned.

Under Variable costs, I'd like to analyse the various steps involved in the manufacturing of steel and isolate the problem. Do we know which amongst Fixed and Variable costs have increased?

Sure, Fixed costs have remained the same. Variable costs have increased.

Okay. The various variable costs would be:

Cost of acquiring raw materials – Transportation of raw materials to factories – Processing cost (Includes labour and utilities such as electricity) – Storage costs - Packaging costs – Transportation of final product to consumers - Distribution costs – Marketing costs. Miscellaneous costs like tax and legal expenses. Are there any other costs I am missing?

No, you are not. The cost of transportation has increased for the client.

Interesting. I'd like to analyse the logistics better. Can I assume transportation is done through trucks since that is the preferred mode in this industry?

You're right. We transport it through trucks.

Do we own the trucks or do we outsource transportation? Also, have the costs of transportation gone up in all locations?

We do not own the trucks. We outsource the transportation. Costs have increased in our transportation to all locations.

Since we outsource transportation, we must be paying a rate per km covered by the truck to the contractor and hence will not have to pay separately for fuel, driver or maintenance costs.

Don't Steel From Us

Walkthrough

CASE TYPE
PROFITABILITY
COMPANY
BAIN & COMPANY
ROUND
MANAGER
INDUSTRY
STEEL INDUSTRY

DIFFICULTY

The total cost of transportation = Number of trucks * km covered per truck * Rate per km

Do we know which of these has increased in the last 6 months?

Why don't you analyse the number of trucks first?

Sure.

Total number of trucks required = $\frac{\text{Total volume required to be transported}}{\text{Volume transported by each truck per trip} * \text{Number of trips completed by each truck}}$

Where,

Volume transported by each truck per trip = $(\text{Total capacity of truck} * \% \text{ of capacity utilized}) - (\text{Wastage} + \text{Theft} + \text{Loss})$

Do we know which of these have changed?

Spot on. The % capacity utilized has gone down in the last 6 months. The contractor uses only one type of truck and the capacity utilized is low. Moving on to the Rate per km charged, the CEO has a hypothesis that we are being overcharged. Why don't you estimate the various variable costs the contractor incurs and compare this with the actual rate charged?

Sure. I think there will primarily be 4 costs he incurs for every km travelled (Variable aspect):

- 1) Fuel costs
- 2) Driver and helper costs
- 3) Maintenance costs
- 4) Toll costs

Calculating distance: I know that the average flight time from Jamshedpur to Delhi is 2.5 hours. The average speed of a commercial plane is 600 kmph. This gives us an approximate distance of 1500 km between the two locations.

Calculating costs:

Fuel costs - Cost of fuel/km = $(\text{Cost of fuel/litre}) / (\text{Number of km/litre})$

Diesel prices hover around Rs 80/litre. Trucks give a mileage of about 8 km/litre. Thus, the cost of fuel is Rs 10/km.

Driver and helper costs – Assuming around 5 round trips in a month (1 round trip takes about 6 days) and an average monthly salary of Rs. 25,000 and Rs. 20,000 for the driver and helper respectively:

The cost/km = $(\text{Salary for a month}) / (\text{Distance covered in a month})$

$$= (\text{Rs. } 45,000) / (1,500 \text{ km} * 5 * 2)$$

$$= \text{Rs } 3/\text{km}$$

Don't Steel From Us

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

BAIN & COMPANY

ROUND

MANAGER

INDUSTRY

STEEL INDUSTRY



DIFFICULTY

Maintenance costs – Assuming the truck is serviced once every 10 round trips and the average servicing cost is Rs. 30,000:

$$\begin{aligned}\text{The maintenance cost/km} &= (\text{Servicing costs}) / (\text{Distance covered per service}) \\ &= (\text{Rs. } 30,000) / (1500 \text{ km} * 10 * 2) \\ &= \text{Rs } 1/\text{km}\end{aligned}$$

Toll costs – Assuming a monthly toll pass across different borders costs Rs 7,500:

$$\begin{aligned}\text{The toll cost/km} &= (\text{Monthly Toll costs}) / (\text{Distance covered in a month}) \\ &= (\text{Rs. } 7,500) / (1500 \text{ km} * 5 * 2) \\ &= \text{Rs } 0.5/\text{km}\end{aligned}$$

This brings our total cost/km to Rs. 14.50. What is the cost that the contractor charges us per km?

Brilliant job. He charges us Rs. 12/km. Can you analyse why this might be happening?

That's interesting. Something seems to be fishy. I can think of two reasons –

- 1) Since he is not using his full capacity, he might be taking up additional contracts for shorter distance between Jamshedpur and Delhi, thereby increasing his revenues.
- 2) On the return journey his truck would be empty, the fuel costs might be much lower and hence the cost we arrived at might not be accurate.

Perfect. It has been found that the contractor takes up additional smaller contracts to fill the extra space in his trucks.

Okay. My immediate suggestion would be to hire a new contractor as this would reduce the number of trucks required and bring down our total costs. I would like to know what the capacity utilization and rate per km of other contractors are?

In fact, all contractors in Jamshedpur have similar capacities and quantity utilizations. They all charge a similar rate of Rs. 12/km too.

This leads me to believe that the contractors are colluding and all are conducting multiple contracts on their journey.

Spot on. You have identified the problem! You can give recommendations (next page) and quickly sum up the case. Thank you.

Don't Steel From Us

Framework & Recommendations

INCREASING TRANSPORTATION COSTS OF A STEEL COMPANY

Clarifying Questions

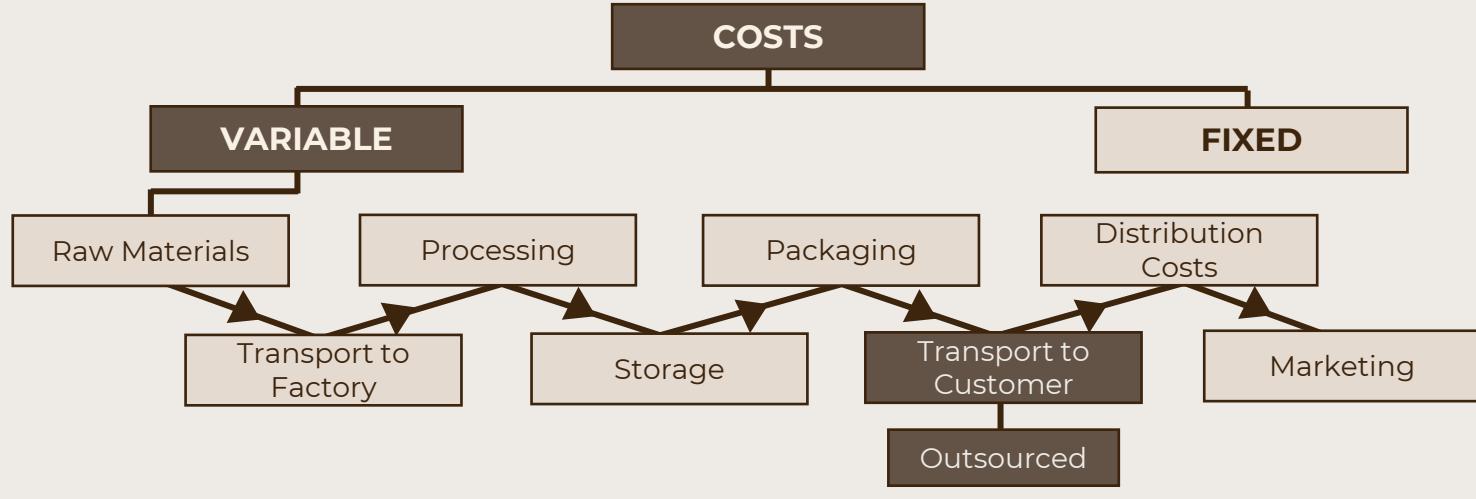
- Different grades of steel?
- Who the consumers are?
- Where we lie on value chain?

Brownie Points

- Method of calculating distance between Jamshedpur and Delhi through prior air travel experience

Keep In Mind

- When required, taking actual values to arrive at cost is important
- Make sure to never make a mistake while calculating as it is a sin



$$\text{Total Cost} = \text{No. Of Trucks} \times \text{No. Of km/truck} \times \text{Rate/km}$$

$$\text{No. Of Trucks} = \frac{\text{Total Volume to be transported}}{\text{Volume per Trip/truck} \times \text{No. Of Trips/truck}}$$

Where,

$$\text{Volume/Truck} = \text{Capacity/Truck} \times \% \text{ Utilised}$$

$$\text{Rate calculated by us} = \text{Rs. } 14.50/\text{km}$$

$$\text{Rate/km (Contractor)} = \text{Rs. } 12/\text{km}$$

RECOMMENDATIONS

- All steel manufacturing companies can come together to stop this practice of the contractors
- The company can purchase its own trucks and transport steel on its own after a cost-benefit analysis
- The company can pay a higher rate/km to negotiate an increase in capacity utilized, bringing down total cost as whole

My Milkshake Brings All the Boys to the Yard

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

BCG

ROUND

MANAGER

INDUSTRY

FMCG

DIFFICULTY

Hey. Your client is a flavoured milk manufacturer, similar to Amul. In the last 1 year, they have been seeing unusually high profits. You are required to find out why this is happening.

Interesting. I'd like to understand the problem a little better. Why are high profits a cause of worry?

The client wants to know if the profits are sustainable.

Sure. Where is our client located? Which step of the value chain do they exist in? What are their product lines?

Your client is located pan-India. They sell processed milk across India. They manufacture the processed milk and then sell it in their own stores. Thus, they are an end-to-end manufacturer. For the purpose of this case, assume they make only one flavour of processed milk in a standard-sized bottle.

Great. Do we have any information on how competitors have fared in the last 1 year?

All competitors have been growing at a normal rate. We seem to have exceeded this.

Sure. I can begin now. We might be seeing higher profits because our revenues are higher than our competitors' or because our costs are lower or a combination of both.

Our costs are much lower than our competitors'.

Sure. I'd like to break our total costs down into 'Fixed' and 'Variable' costs. Under Fixed costs, I'd like to analyse costs incurred on 'Land', 'Interest Payments', 'Research & Development', 'Machinery', 'Factories', 'Fixed component of Labour', 'Purchase of additional distribution outlets' and 'other miscellaneous costs'.

Under Variable costs, I'd like to analyse the various steps involved in the manufacturing of processed milk. The various variable costs would be: 'Cost of raw materials' – 'Transportation of raw materials to factories' – 'Processing cost (Includes utilities and labour)' – 'Storage costs' – 'Packaging costs' – 'Transportation of final product to distribution outlets' – 'Distribution costs' – 'Marketing costs'.

Do we know which among the Fixed and Variable costs has been lower than competitors?

Sure, Fixed costs have remained the same. Variable cost of Packaging is much lower than competitors. However, certain transportation costs have been higher.

That's interesting. I shall first analyse the packaging costs before understanding why transportation costs are higher. Before I analyse packaging, can you tell me the steps involved in packaging? I'm assuming everything is done in-house since we are an end-to-end manufacturer.

Yes, you are right. We follow 2 steps of packaging. First, the processed milk is filled into glass bottles that we manufacture. Then, they are wrapped and inserted into cartons.

My Milkshake Brings All The Boys To The Yard

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

BCG

ROUND

MANAGER

INDUSTRY

FMCG

DIFFICULTY

Interesting. Do all our competitors follow the same process? If yes, in which of the two steps of packaging do we have a lower cost?

Yes, they do follow the same procedure. We have a much lower cost in the first step.

Interesting. The total cost of packaging under the first step would be equal to:

$$\text{Total cost} = \text{Number of bottles manufactured} \times \text{Cost per bottle}$$

Do we know which of the two has been lower?

In fact, the number of bottles manufactured has been lower than competitors.

That's intriguing! I have certain questions. Are we selling our processed milk in a similar-sized bottle as our competitors? Also, is the price of our processed milk similar to competitors'?

Why would you require this information?

$$\text{Number of bottles manufactured} = (\text{Total milk sold}) / (\text{Capacity of each bottle} * \% \text{ capacity utilized}) + \text{Bottles wasted} + \text{Lost in theft} + \text{Damaged}$$

Good questions. Yes, everyone in the industry sells the milk in 300ml bottles at very comparable prices.

Interesting. That rules out the possibility of us selling fewer bottles at a much higher price or also the possibility of us selling larger bottles with more milk in it. This leaves only bottles lost due to theft or carelessness.

It is possible that our rate of loss through carelessness/theft/wastage is much lower in the industry resulting in us manufacturing fewer bottles.

Interesting point. However, it is none of the above. Can you think of anything your formula might be missing?

Aha! We might be manufacturing fewer bottles because there is no need for more bottles. This is only possible through a return or recycling process. Recycling would incur greater costs. So, my guess is that once the customer drinks the processed milk, we collect the bottle and send it back to the factories where they are reused! This also explains why certain transportation costs are higher since we are involved in reverse logistics too.

Spot on. You have solved the case correctly. Thank you!

(Recommendations on the next page)

My Milkshake Brings All The Boys To The Yard

Framework & Recommendations

UNUSUALLY HIGH PROFITS OF A FLAVOURED MILK MANUFACTURER

Clarifying Questions

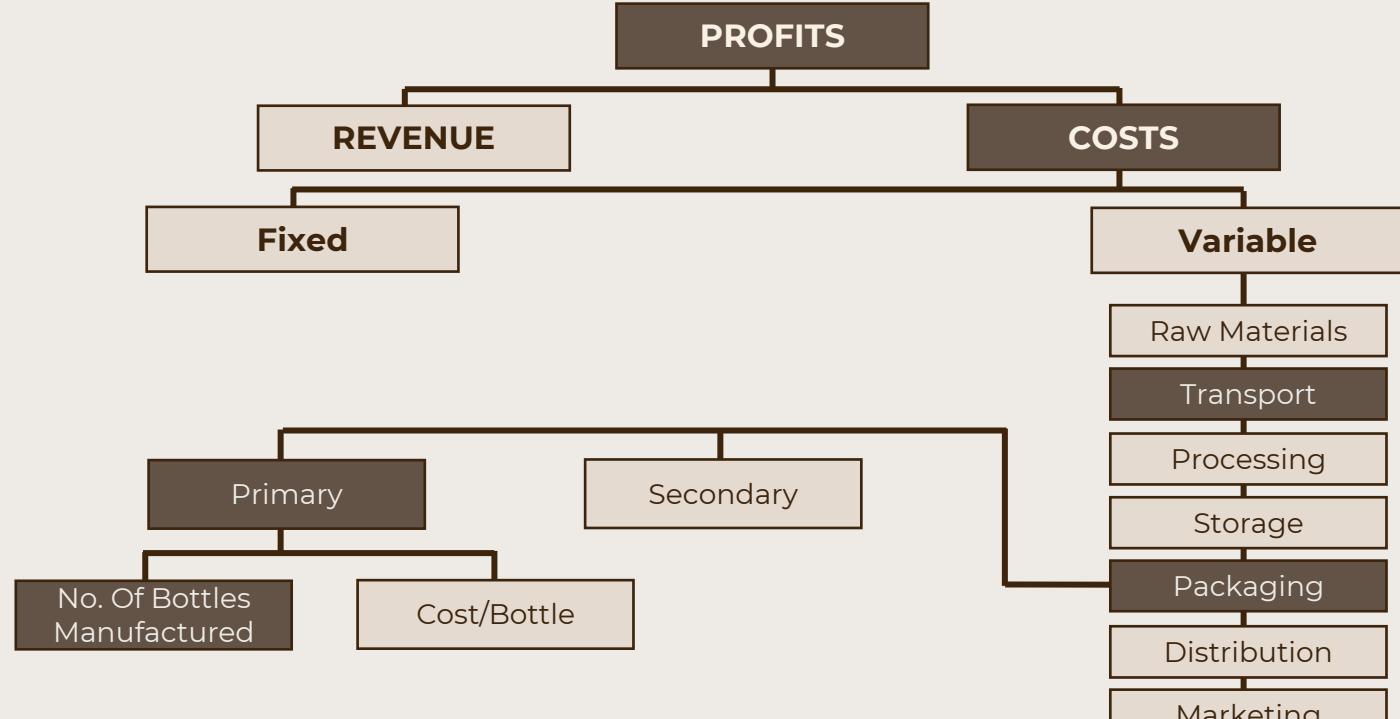
- Understanding the exact objective
- Benchmarking with competitors
- Where we lie on the value chain

Brownie Points

- Accounting for the possibility of theft
- Bringing the case back to earlier observations of higher transportation costs

Keep In Mind

- If your initial hypothesis does not work, do not get flustered. Keep calm and think of other possible reasons logically.



RECOMMENDATIONS

- We understand that the profits in fact will be sustainable since we can continue to recycle the used bottles. However, competitors may soon realise and decide to replicate it themselves.
- We can do a comparative analysis between recycled glass bottles and alternatives such as tetra-packs to cut down on transportation costs.

The King of Bad Times

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

MCKINSEY & CO.

ROUND

BUDDY

INDUSTRY

AIRLINES

DIFFICULTY

The CEO of a low-cost airline operator has approached you. He is worried about the company's declining profits and would like you to diagnose the problem and give suitable recommendations.

That's interesting. Can I assume the airline to be similar to Spice Jet? Also, does the airline operate both domestic and international flights? What are our other service offerings? Since it is a low-cost operator, can I assume there is only economy class?

Yes, it is similar to Spice Jet. For the purpose of this case, you can assume that the airline only operates domestic flights. They have a presence across the country. Yes, the operator only offers economy class.

Alright. I would like to understand the decline in profitability a little better. Since when have we been facing this issue and what is the magnitude of decline? Have other airlines reported a similar drop? Is the issue specific to certain locations?

It is a marginal decline in profits and has been happening for a couple of months now. Other operators don't seem to be facing this issue. We are facing the decline across the country.

It seems that the issue is only affecting our airline then. Interesting. Declining profits could be driven either by declining revenues or increasing costs. I would first like to break down revenues into

Number of Flights * Number of Seats/Flight * Occupancy * Price/Ticket

and see if there's been a change in any of these factors over the last two months. This is the revenue from ticket sales. Other revenue streams would include value-added services, on-flight food and beverages, merchandise purchases and advertisements.

Fair enough. None of these factors have seen a significant change. What would you like to look at next?

Okay. It is clear that revenues have not seen a decline. I would now like to look at the major cost drivers and benchmark them with our competitors. Once we identify which costs have seen a rise, we can dive deeper into why this has been happening.

Makes sense. What is your question?

I would like to know if the increase has been in fixed costs or variable costs. Fixed costs include costs like lease fees paid for the carriers, airport charges (hangar, space for check-in counters, fee for boarding gates, etc), employee compensation and back-end administrative costs. Major variable costs would include cost of fuel, commission paid to airports, etc.

The King of Bad Times

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

MCKINSEY & CO.

ROUND

BUDDY

INDUSTRY

AIRLINES

DIFFICULTY

Great. There has been a significant increase in the amount we're paying for fuel. Why don't you analyse why this may be happening?

Sure. Apart from flights, we may be needing fuel for our passenger buses and cargo trucks as well. Do we know where the increase has been?

Good question. Fuel consumption by flights has increased.

The amount we are paying for fuel would be determined by

Number of flights * Number of kilometres/flight * Number of litres/kilometre * Cost/litre + Cost of wastage

Since the number of flights has not changed, my hypothesis is that number of kilometres/flight has seen an increase. It is unlikely that our mileage has changed in the last two months and any changes in fuel prices would have affected our competitors as well. Another possible reason would be an increase in wastage.

Excellent. The number of kilometres/flight has increased.

I would like to analyse the flight path now. According to my personal experience, the plane first taxis to the runway. After this, the plane takes off upon reaching a suitable speed. Once it is airborne, the plane ascends until it reaches a point of stabilisation. Few hours later, we reach our destination and choose a landing point. Before descending, we circle the airport waiting for approval from the Air Traffic Control. After obtaining permission, we descend and touchdown. We finally decelerate and taxi to the drop point. Do we know at what stage our distance travelled has gone up?

You seem to know a lot about airlines! Perfect. Our circling time has increased.

Interesting. There are three things I would like to analyse here. The Air Traffic Control may not be giving us clearance to land as promptly as before. It is also possible that we are picking up the signal late due to some faulty or outdated equipment in our planes. Lastly, I want to know if the time between receiving the signal and landing is longer than before due to the lack of expertise of our flight crew. My guess is that we are not getting clearance in the first place since our entire fleet is facing this problem.

Correct.

Okay. This could be due to increase in air traffic during our landing times due to which waiting time has increased. It could also be the result of policy changes by the Airport Authorities where higher circling time is required. However, since we are the only airline facing the issue, I would like to know if other airlines are being favoured for some reason.

The King of Bad Times

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

MCKINSEY & CO.

ROUND

BUDDY

INDUSTRY

AIRLINES



DIFFICULTY

Spot on! Two months ago, the Airport Authority of India started a priority-based system wherein airlines paying a certain fee will be allowed to land first. The CEO is wondering if we should start doing the same. What would you recommend?

We must first compare the fee to be paid with the cost incurred for the additional fuel consumed to determine which alternative would be more cost-effective. However, longer flight durations might lead to customers choosing our competitors in the future which could hurt our revenues. Also, from an environmental standpoint, it makes sense to pay the fee.

Makes sense. We can end the case here.

The King of Bad Times

Framework

DECLINING PROFITS OF A LOW-COST AIRLINE

Clarifying Questions

- Both domestic and international?
- Is the decline specific to certain locations?

Brownie Points

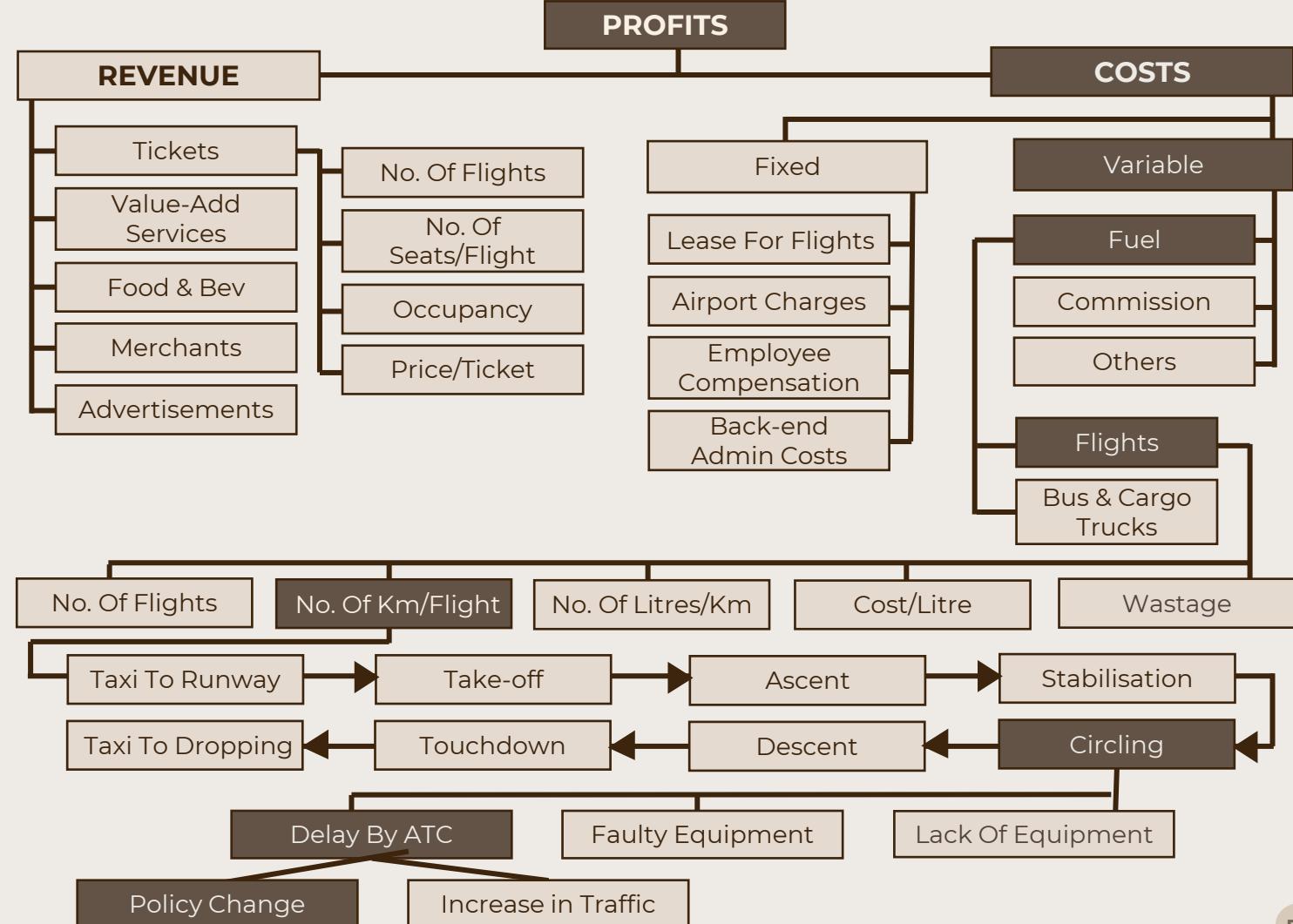
- The environmental impact of the company's actions while giving recommendations.

Keep In Mind

- Drawing the process journey helps isolate the problem quicker.

Recommendations

- Doing a cost-benefit analysis of paying the fee
- Keeping in mind the environment impact of the company's actions



Beauty Lies On The Inside

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

MCKINSEY & CO.

ROUND

PRINCIPAL

INDUSTRY

RETAIL

DIFFICULTY

Hey, let's begin with a quick case. Your client is Donatella Versace, owner of a famous retail apparel store in India. Due to Covid-19, profits of the store have decreased. To increase profits, she has decided to open a makeup outlet inside the store. She has approached you to decide whether this is a wise decision.

Sure. I'd like to understand the problem better. Where is her store located? What are the products currently available at her store? Also, how much have profits fallen by in this period?

Her store is located in Delhi. She currently sells clothes for men and women. Profits have fallen by 15%.

Interesting. Does she manufacture her own clothes or is she a 3rd party distributor? How much space inside the store is the makeup outlet going to take?

She is a distributor of clothes and plans to be for makeup as well. The makeup outlet is proposed to take up 20% of the space in the store.

Lastly, is there any particular reason for choosing a makeup outlet or is our client open to other ideas as well?

She believes makeup products will sell much better post the pandemic period and hence, this is the only option she is considering.

I can now begin. Since our client's objective is to increase profits, I shall evaluate this decision on the basis of the additional revenues she will earn minus the additional costs she will incur.

Sure, sounds good,

Therefore, if - Additional Revenues > Additional Costs, this is a wise decision.

In additional costs, I would like to incorporate not just the costs of setting up and buying the products, but also the revenue foregone from the lost retail apparel space, since this is an opportunity cost.

Brilliant. Opportunity costs become a major consideration. Why don't you find the breakeven point of sales for this decision in a month? What is the data you would require?

Sure, I know that Breakeven point of sale = $(\text{Fixed cost}) / (\text{Sale price} - \text{Variable cost})$

Therefore, I would require the following information:

- 1) Fixed costs involved in setting up the makeup outlet
- 2) Opportunity cost of sales foregone
- 3) Average sale price of a makeup product
- 4) Average cost price of purchasing a makeup item
- 5) Other variable costs involved (Staff, etc.)

That seems comprehensive. You may note down the following information:

Beauty Lies On The Inside

Walkthrough

CASE TYPE

PROFITABILITY

COMPANY

MCKINSEY & CO.

ROUND

PRINCIPAL

INDUSTRY

RETAIL

DIFFICULTY

Cost incurred to change the layout and set up the various aspects of the outlet – Rs. 40,000. The entire outlet has an area of 10,000 sq. ft and earns a profit of Rs. 25,000 a day. Assume that every part of the store contributes equally to profits. Average sale price of a makeup item would be around Rs. 1,000 and the average cost price would be Rs. 400. The other variable costs per product would come up to Rs. 100.

Great! Since the costs have been given to us in terms of a one-time fixed expenditure and a daily opportunity cost; we will first find the break-even point where we will be able to recover the fixed cost incurred. Subsequently, we will calculate the number of products we will need to sell daily in order to experience an incremental profit.

Calculating daily opportunity cost - If income is uniform, then every 1 sq. ft of the apparel segment contributes Rs 2.5 (Rs. 25,000/10,000). Since the makeup division is expected to take up 2000 sq. ft, the revenue lost would be equal to 2000 Sq. ft x Rs 2.5 = Rs. 5,000 per day.

Thus, total cost to be recovered = Rs. 40,000. Rs. 5,000 everyday the store is open is the opportunity cost.

(Calculation on next page)

Thus, we realise that we need to sell 80 items on an average from our makeup outlet to recover the fixed cost of renovations and we need to sell 10 products daily to recover the opportunity cost of giving up on 20% of the apparel segment.

Brilliant! You have correctly identified the amount. Let's finally move on to recommendations on how we can further improve the sale from our makeup outlet.

I can think of the following suggestions –

- 1) Online presence: Ensuring we have a website that provides for checking on stock availability and delivery option.
- 2) Tie-ups with e-commerce aggregators: Presence on sites like Flipkart and Amazon can also add to sales.
- 3) Range of makeup products not delimited to women: Keeping in mind the increasing trend of makeup for men and LGBTQi+ community
- 4) Creating special ranges for all income segments and demographics
- 5) Tie-ups with micro-influencers on Instagram and other platforms
- 6) Discounts and offers on the makeup products on purchase of the apparel in the store

Additionally, driving up sales from the apparel division through similar marketing strategies will help raise sales through cross-selling techniques.

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

Beauty Lies On The Inside

Framework

DECLINING PROFITS OF AN APPAREL STORE

Clarifying Questions

- Where is the store located?
- How much space is the makeup outlet going to take?
- Why only makeup as an alternative?

Brownie Points

- Mentioning opportunity cost as one of the fixed costs as it ended up becoming crucial to the case

Keep In Mind

- Basics of profitability and the profit function are very useful in unorthodox cases like this. Try to incorporate concepts you have studied about before.

Wise Decision if Additional Revenues > Additional Costs

FINDING THE BREAK EVEN POINT

A: BREAK-EVEN POINT (ONE TIME EXPENDITURE)

Fixed Investment = ₹40,000

S.P. of One Product = ₹1,000

V.C. of One Product = ₹400 + ₹100

= ₹500

Break Even Point Of Sales = $\frac{F.C.}{S.P. - V.C.}$

$$= \frac{₹40,000}{₹1,000 - ₹500}$$

$$= \frac{₹40,000}{₹500}$$

= 80 Items

B: ANALYSING VIABILITY (ACCOUNTING FOR THE DAILY OPPORTUNITY COST)

Opportunity Cost = ₹5,000

S.P Of One Product = ₹1,000

V.C. Of One Product = ₹400 + ₹100

= ₹500

Required Daily Sales = $\frac{\text{Opportunity Cost}}{S.P. - V.C.}$

$$= \frac{₹5,000}{₹1,000 - ₹500}$$

$$= \frac{₹5,000}{₹500}$$

= 10 Items/Day

MARKET ENTRY



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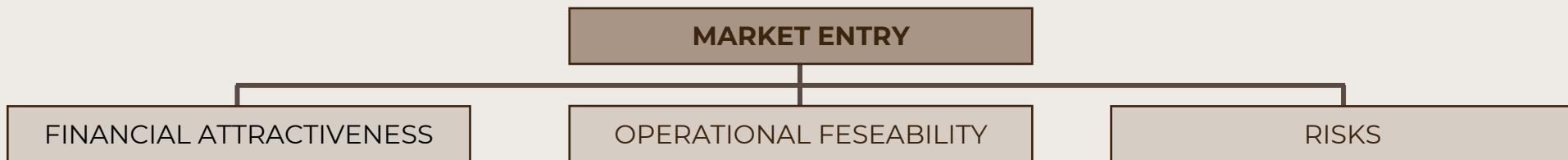
FRAMEWORK

A market entry case usually involves a firm expanding its offerings to new geographies or venturing into a new product/service line. You are required to advise them on whether they should enter the market and if yes, how?

It is important to begin with some preliminary questions. Some important questions for market entry cases are –

- 1) What does the client do? What are the current geographies they operate in?
- 2) Have they entered similar markets in the past?
- 3) Why are they looking to enter this market? Are there any other markets they are considering?
- 4) What parameters will the market entry decision be based on?
- 5) When are they looking to enter the market by?

Broadly, you can refer to the following framework as a good starting point as you begin with your first couple of market entry cases:



Most market entry cases begin with an analysis of the financial attractiveness of the proposed market.



FRAMEWORK

The following formula will help you get to the expected profits in the market:

$$\text{Expected profits} = (\text{Market size (in units)} * \% \text{ Market Share} * \text{Profit/unit}) - \text{Fixed costs}$$

Usually, the interviewer will ask you to estimate the above figures. Thus, these cases often involve market sizing guesstimates to arrive at the starting figure. Once this is estimated, you can discuss with the interviewer to make an estimate of the percentage of the market the firm will be able to capture initially. This will be based on the number of players in the market, how fragmented the market is and the product differentiation that exists.

Moving on to the profit/unit, this can be calculated by estimating the variable costs that will go into making the product or rendering the service in question. Lastly, any fixed costs that will be incurred can be reduced from this figure to arrive at the expected profits.



Do keep in mind the market growth rate and competitive landscape before coming to a conclusion on the market's attractiveness.

FRAMEWORK

Sometimes, you may be asked to assess the operational feasibility of the proposed business. This is essentially the “How will we enter?” part of the case. Under this, you can look at how the business can be set up in the new market. Insights can be drawn from the firm’s current operating model and the tweaks which the new market will require. After confirming that the firm will be able to secure the necessary permissions and licenses, you can go about drawing the firm’s value chain and discuss how each step of the value chain can be set up. Common questions you need to ask yourself are:

- 1) Should we outsource this step or do it in-house?
- 2) Should we produce in the home country and export or should we set up units in the new market?
- 3) If we entered a market recently, how did we set up operations there?

Most candidates stop the case at this step. However, we advise you to go the extra step and analyse the risks associated with this venture. This not only gets you brownie points but also recognises the different challenges the firm will face. “Porter’s five forces” and “PESTEL” are two frameworks which will help you think about the various risks the firm may face.

Finally, based on your evaluation of the proposed idea and attractiveness of the market, you can take a decision on whether the client should enter the market.

IIM – A(irtel)

Walkthrough

CASE TYPE

MARKET ENTRY

COMPANY

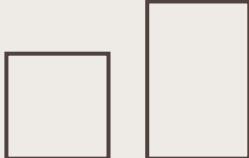
BCG

ROUND

PRINCIPAL

INDUSTRY

EDUCATION



DIFFICULTY

Your client is Airtel. They wish to enter the Education sector. How should they go about it?

Interesting. Are they looking at a particular segment of the Education sector? What is their objective behind this?

They would like to know what you think they should do. They are looking to capture a large market share.

Got it. Which geographies do they wish to enter? When are they planning to enter? Do they have a budget in mind?

They are looking to enter the Education sector in India in the next 1 year. There is no budget.

I would like to divide my approach into 3 –

- 1) Market Attractiveness – Here, we will decide which segment of the Education sector to enter and the market share we can expect.
- 2) Set-up – Once we decide which segment to enter, we also have to look at the various permissions required and how we can go about setting up the business.
- 3) Risks – Lastly, it is important to be cognizant of the roadblocks Airtel can face in this endeavour.

Makes sense.

Let's start with which segment of the market Airtel should enter. They can either enter the physical education sector, the digital education sector or both. Keeping in mind the high set-up costs of physical centres and the timeline of 1 year, it will make more sense to enter the digital education sector. Airtel already has a platform of digital services like Wynk Music and Airtel TV which will make it easier to distribute educational content.

Next, we must decide if we wish to set up a traditional online school/college or an institute like Coursera which will provide value-add courses. Currently, there is limited credibility of traditional online institutes. People are suspicious of such institutes and it is not the right time to enter this sector. Therefore, we can follow a model similar to Coursera. Does this make sense?

Yes. Sounds good. We can go ahead with this idea. We would like you to estimate the market size of this sector.

Sure. Out of the 1.4 billion people residing in India, the demand for digital courses comes primarily from the urban areas. This is due to the requirement of internet connectivity and smartphones/laptops. This leaves us with about 400 million (30%) people.

IIM – A(irtel)

Walkthrough

CASE TYPE

MARKET ENTRY

COMPANY

BCG

ROUND

PRINCIPAL

INDUSTRY

EDUCATION



Since the average course costs about Rs. 500/week, we can go ahead and eliminate people who will not be able to afford this. About 30% of the population lies below the poverty line and makes less than Rs. 10,000/month. Another 30% lies in the lower middle-class segment which makes Rs 10,000 – Rs 20,000/month. These calculations are based on the assumption that there is no financial aid available. However, if we're looking to gain market share, we can also consider subsidizing our courses for those coming from lower-income backgrounds.

Makes sense. For now, you can leave out financial aid.

The remaining 40% lies in the upper middle class and upper-class segments and makes more than Rs 20,000/month. We can safely eliminate the below poverty line and lower middle-class segments. This leaves us with 160 million people.

Digital courses are usually used by people between the age of 18 and 24 looking to learn something in addition to their regular academic courses. Approximately 10% of the country's population lies in this age bracket, leaving us with 16 million people.

Out of our target group of 16 million people, about 30% would be interested in digital courses which leaves us with about 5 million people. This is based on what I have observed in my peer group where 1 in 3 people I know complete such courses. On an average, a person completes about 2 courses a year and each course usually costs about Rs. 2000. This gives us a market size of Rs. 20 billion. Even though Airtel will be a new entrant to the sector, they do have a significant presence in the telecom sector of India. Therefore, they can probably expect a sizable market share of about 20% in their first year. Keeping in mind that this sector is in a high-growth phase, this seems like a promising opportunity.

Sure, this sounds attractive. What would you like to look at next?

We need to look at how we can set up the institute. The following aspects will have to be looked at:

- 1) Licenses and permissions: The education sector is regulated in India. There might be certain conditions we will have to fulfil and permissions we will have to seek.
- 2) Platform: A platform will have to be set up where the students will be able to enroll for courses, watch the videos and download their certificates. This could be an application or a website or both.
- 3) Educators: Top quality educators will have to be recruited to make course content for the students. Airtel can consider partnering with existing coaching centres or schools to get good educators on board.
- 4) Customer service and other back-end staff: A team will have to be set up to assist students with their queries and concerns. Additionally, an IT team will be needed to ensure uninterrupted service.
- 5) Marketing: Advertisements and marketing campaigns will help Airtel create demand for its new service. It is important to establish credibility in this market. A degree or certificate from our platform should be valued by employers and educational institutes.

DIFFICULTY

IIM – A(irtel)

Walkthrough

CASE TYPE

MARKET ENTRY

COMPANY

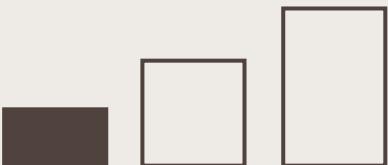
BCG

ROUND

PRINCIPAL

INDUSTRY

EDUCATION



DIFFICULTY

This shouldn't be a problem.

Sure. There are a few risks which may arise.

- 1) Regulatory – The government may introduce new regulations making it difficult to operate in India. Airtel can use its lobbying power to ensure this does not happen.
- 2) New entrants – Airtel should look to differentiate their courses in some way. For example, they can offer authentic courses by the IIMs in India to create demand. This way they can retain their market share even if other companies enter.

Perfect. Let's close the case here.

AIRTEL ENTERS THE EDUCATION SECTOR

Clarifying Questions

- What is the objective?
- Which segment of the sector are we looking to enter?

Brownie Points

- Suggesting financial aid to increase market share and build reputation

Keep In Mind

- Market entry cases often involve market-sizing guesstimates

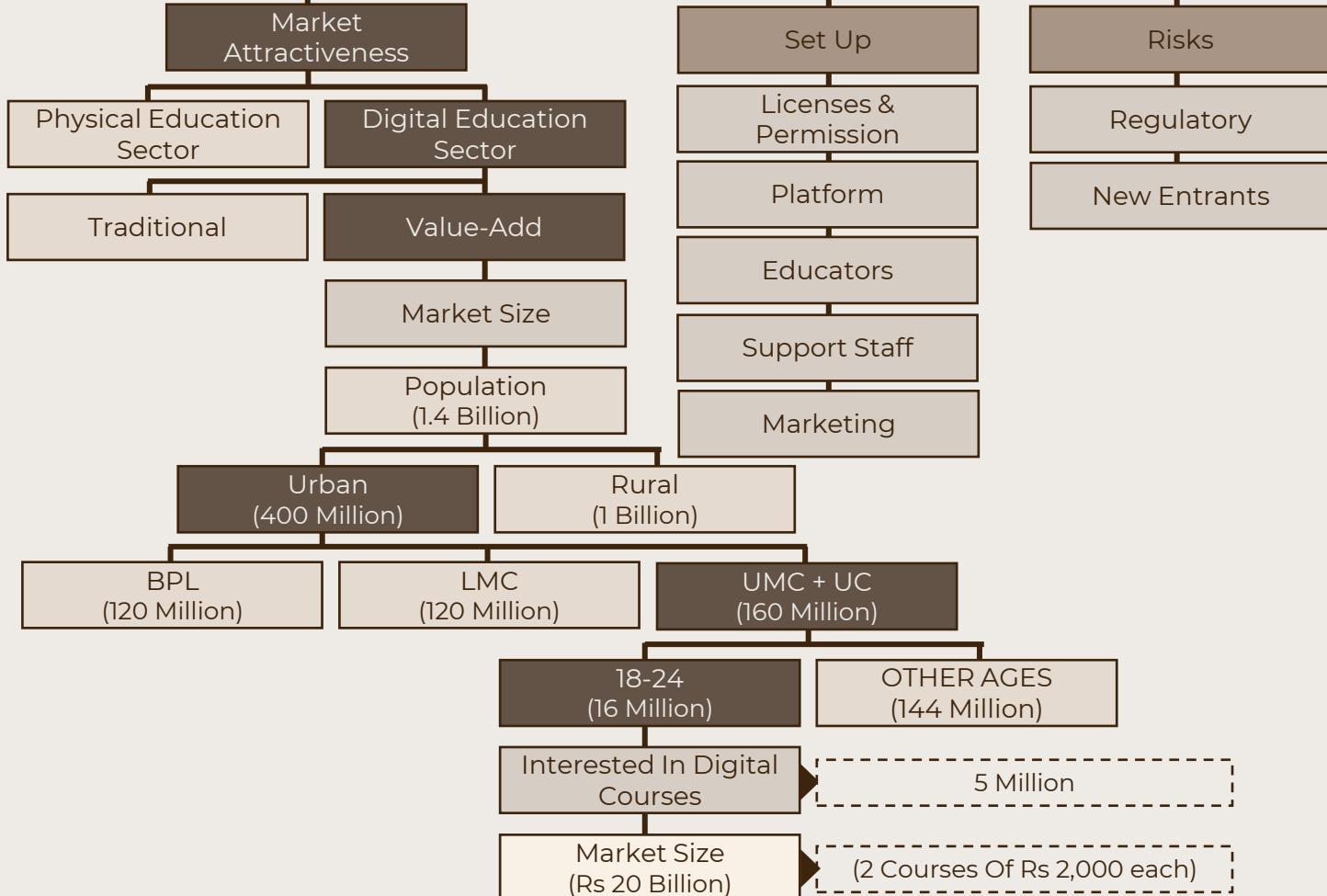
BPL: Below Poverty Line

LMC: Lower Middle Class

UMC: Upper Middle Class

UC: Upper Class

MARKET ENTRY



Mr. Worldwide

Walkthrough

CASE TYPE

MARKET ENTRY

COMPANY

L. E. K. CONSULTING

ROUND

PRINCIPAL

INDUSTRY

HOSPITALITY



DIFFICULTY

Hey, let's begin with a quick case. Your client is the CEO of a famous hotel chain in India. He believes the Indian market has saturated and wants to open operations in another country. You are required to help him.

Oh wow, that's interesting! I'd like to get a better understanding of the problem. What kind of hotels does our client own? How has he fared in India? How many hotels does he own and where are they located in India?

He owns premium hotels, similar to Taj. He has 50% share in the Indian market and believes the Indian hospitality industry has slow growth. He has 30 hotels in India, located in Tier 1 and 2 cities.

Okay. What is his primary objective of expanding? Is it profits?

Yes, he wants to maximise profits.

Great. Do we have any countries in mind among which he wants to choose or is it open to us?

Good question. We have 3 countries among which he wants to choose – Brazil, Australia and South Africa.

Lastly, are we planning on setting up premium hotels in these countries or are we open to other types of hotels too?

Your client wants to be recognized in the premium segment only.

Okay brilliant. I would like to follow a 2 step approach. First, I'd like to analyse the profits he can earn in each of these three countries. Second, I'd like to see if operations can be easily set up in these countries. Based on these two steps, I shall make my recommendations.

Sure. Let us begin.

To analyse the financial aspect of things, I would require the following information since I am unfamiliar with the demographics of the 3 countries.

Market size of the premium hospitality industry

Market share that we can expect

Market growth rate

Average revenue per night per customer

Average cost per night per customer

Fixed investment required to acquire above market share

Sure! Have a look at the table.

Mr. Worldwide

Walkthrough

CASE TYPE
MARKET ENTRY
COMPANY
L. E. K. CONSULTING
ROUND
PRINCIPAL
INDUSTRY
HOSPITALITY

DIFFICULTY

Particulars	Brazil	Australia	South Africa
Number of premium tourists/year	2 million	4 million	5 million
Average rent/night	\$550	\$650	\$600
Average cost/night/customer	\$350	\$450	\$450
Proposed market share	30%	25%	25%
Fixed cost requirement	\$100 Million	\$300 Million	\$350 Million
Market growth rate	10%	15%	15%

(analyses for a minute) Interesting. I can calculate market size and our expected market share from this information. I shall multiply this into profit per night per customer to get our profits and then subtract the fixed costs.

Are you sure you can calculate market size?

Oh wait. To get the number of nights occupied per year by tourists, I would also require the average number of nights occupied per premium tourist per stay.

Exactly. The average stay is 3, 5 and 4 nights for Brazil, Australia and South Africa respectively.

Here are my calculations –

(Refer to the next page)

Clearly, Australia seems like the best option according to financial attractiveness. Let us now move on to the operational feasibility test. There are 6 steps according to me in the setting up of operations.

Obtaining necessary permission and licenses – Research to analyse hotspots - Acquiring the requisite land – Setting up our hotels – Hiring the requisite staff – Marketing our hotel chain – Starting operations.

I would like to understand the ease with which each of these can be done at the 3 locations.

Great. There seems to be no issue in any of the steps in Brazil. In South Africa, there are certain regulatory issues regarding licenses and in Australia, an issue with purchasing of the land.

Mr. Worldwide

Walkthrough

CASE TYPE

MARKET ENTRY

COMPANY

L. E. K. CONSULTING

ROUND

PRINCIPAL

INDUSTRY

HOSPITALITY



DIFFICULTY

What are the particular issues in each of these countries?

Australia has recently come up with regulations that limit the amount of land foreigners can purchase every ten years. Thus, we will only be able to acquire 50% of our initial estimates and the balance after 10 years. In South Africa, there are certain additional licenses to be obtained for premium Hotel Chains that would cost us an additional investment of \$50 million not included in our previous estimates.

That's interesting. In light of the new information, our revised profits are as follows:

Australia: 50% of \$700 Million = \$350 Million

South Africa: \$400 Million - \$50 million = \$350 Million

Brazil: \$260 million.

What are your final recommendations?

Since profit is our primary motive, the decision comes down to Australia and South Africa. We can consider various qualitative factors before finalising, in the absence of it, my suggestion would be **Australia**.

There is massive potential for increasing profits in the long term since we can acquire additional land in 10 years whereas in South Africa, the potential is maximised.

Mr. Worldwide

Framework & Recommendations

A HOTEL CHAIN ENTERING NEW MARKETS

Clarifying Questions

- Primary Objective
- Any particular countries being targeted?
- Type of hotel chain

Brownie Points

- Keeping in mind, long-term potential of Australia
- Telling the interviewer the exact information required

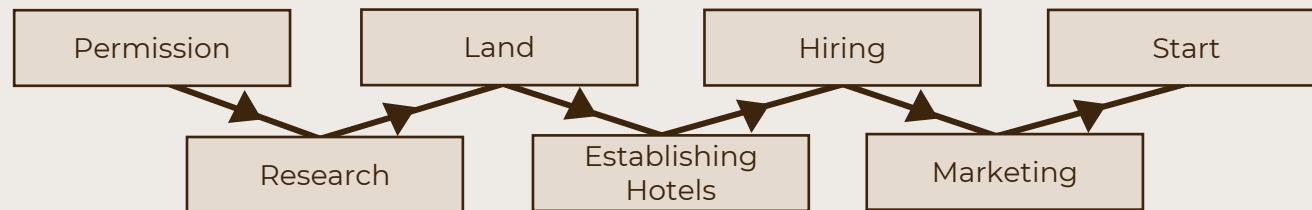
Keep In Mind

- You might be required to present your working. So, ensure that you maintain it in a tabular format and that it is neat.

FINANCIAL FEASIBILITY

Particulars	Number of tourists (A)	Average stay (B)	Total number of nights occupied/year (C = AxB)	Market share (D)	Profit per night per customer (E)	Potential profits (Without fixed) (F = D X E)	Fixed investment (G)	Total proposed profits/year (H = F-G)
Brazil	2 million	3	6 million	1.8 million (30%)	\$200	\$360 Million	\$100 Million	\$260 Million
Australia	4 million	5	20 million	5 million (25%)	\$200	\$1 Billion	\$300 Million	\$700 Million
South Africa	5 million	4	20 million	5 million (25%)	\$150	\$750 Million	\$350 Million	\$400 Million

OPERATIONAL FEASIBILITY



Brazil – No Effect

Australia – 50% Land Only

South Africa – Additional License

PROFITS BASED ON THE ABOVE TWO PARAMETERS

Brazil: \$260 Million

Australia: \$350 Million

South Africa: \$350 Million

We have decided to go with Australia, keeping in mind the long-term growth considerations

The Sun Won't Set On Us

Walkthrough

CASE TYPE

MARKET ENTRY

COMPANY

DALBERG

ROUND

BUDDY

INDUSTRY

RENEWABLE
ENERGY



DIFFICULTY

Your client is a solar TV manufacturer and has come to the realisation that the demand for the same has saturated in the home market and she wants to launch the product in India. She needs you to suggest whether this is a good idea.

Sure, I would like to begin by understanding where the client is currently based out of and if she has a specific geography in mind on where the product should be launched?

The client is based out of the US. In fact, we would like you to tell us where in India we should launch the product.

Alright, to gauge the situation, I want to understand the product better. From what I know, Solar TVs are charged by sunlight and do not require electricity for working. I want to know if there are different types of TVs offered?

Your understanding is correct and for the simplicity of this case, let's assume there to be a single type of TV.

Sure, sounds good. Next, I want to understand the specific objective of our client in terms of revenues or profits and if we have launched this product in a similar country recently?

The client wants to maximise her revenue. After looking at the figure we can assess whether it is attractive. No, we have not undertaken any such expansion.

Sure, just to clarify, does our client only manufacture the TVs or does she carry out distribution too?

Distribution is done through third party retailers.

We can analyse the situation in three parts:

- 1) Market Attractiveness - Based on market size, market share, consumer acceptance, etc
- 2) Operational Feasibility -
 - a) Barriers to entry
 - b) Setting up the value chain
- 3) Risks Involved

The structure looks comprehensive, focus only on market attractiveness for this case.

Thank you. In terms of determining the target market, I believe the rural part of India would serve as a lucrative market for this product primarily because of lack of electricity. Few environmentally conscious urban people would be interested in this product right now.

Good observation, our client had something similar in mind.

The Sun Won't Set On Us

Walkthrough

CASE TYPE	
MARKET ENTRY	
COMPANY	
DALBERG	
ROUND	
BUDDY	
INDUSTRY	
RENEWABLE ENERGY	
DIFFICULTY	

Do we have information on the price of the product offered, cost of maintenance and the competition in this segment?

We are pricing it at Rs 7,000/TV and Rs 7,000 is incurred annually on its maintenance. Currently, there is no other player in this segment.

Compared to the conventional TVs, the price including the maintenance of our product is cheaper. Are there any other significant differences that I should be aware of?

Take the price of a conventional TV to be around Rs 30,000. Our display is inferior to that of a conventional TV.

$$\text{Revenues} = \text{Market size} * \text{Market share} * \text{Price per unit}$$

India's population = 140 crore

Rural Population = Approx. 100 crore (70%)

Number of households = 20 crore (assuming rural household size of 5)

These households can now be split according to their income level:

- 1) BPL = 40% = 8 crore
- 2) LMC + UMC = 50% = 10 crore
- 3) UC = 10% = 2 crore

Next, we need to take into account, the willingness of our target market to buy a solar TV. The rural population of India is extremely price sensitive and would prefer this product. Poor electricity in most villages makes our product lucrative. While estimating the percentage of people buying the product, we will also have to keep in mind the availability of sunlight in the household depending on the direction their house faces, tree cover, etc.

- 1) We can eliminate the population under BPL as they cannot afford the TV.
- 2) In the middle class segment, 80% own a TV and 60% of this would prefer a solar TV = $10 \text{ crore} * 0.8 * 0.6 = 4.8 \text{ crore}$
- 3) In the upper class segment, 90% would own a TV and 60% of this would prefer a solar TV = $2 \text{ crore} * 0.9 * 0.6 = 1.08 \text{ crore}$

Total Revenue from sale = $(6 \text{ crore (approx.)} * \text{Rs } 7,000) / \text{Life of a TV} = \text{Rs. } 42,000 \text{ crore} / 5 = \text{Rs. } 8,400 \text{ crore/year}$

Say, in the first year, due to lack of competition, we can acquire 50% of the market = $\text{Rs. } 4,200 \text{ crore}$.

In addition to this, an additional $\text{Rs. } 7,000$ would be received from every household that buys our solar TV in the first year.

$6 \text{ crore (market size)} * 0.2 \text{ (1 in 5 households will replace their TV this year)} * 0.5 \text{ (Expected market share)} * \text{Rs. } 7,000 = 0.6 \text{ crore} * \text{Rs. } 7,000 = \text{Rs. } 4,200 \text{ crore}$. Therefore, we are looking at a figure of $\text{Rs. } 4,200 \text{ crore} + \text{Rs. } 4,200 \text{ crore} = \text{Rs. } 8,400 \text{ crore revenue in our first year}$.

Great, this number definitely seems attractive enough for our client. What is your final suggestion?

Based on the analysis of market attractiveness, I would recommend the client to enter the rural India market.

The Sun Won't Set On Us

Framework & Recommendations

NEW MARKET FOR SOLAR TV

Clarifying Questions

- Whether the client has entered a similar market recently?
- Objective of market entry

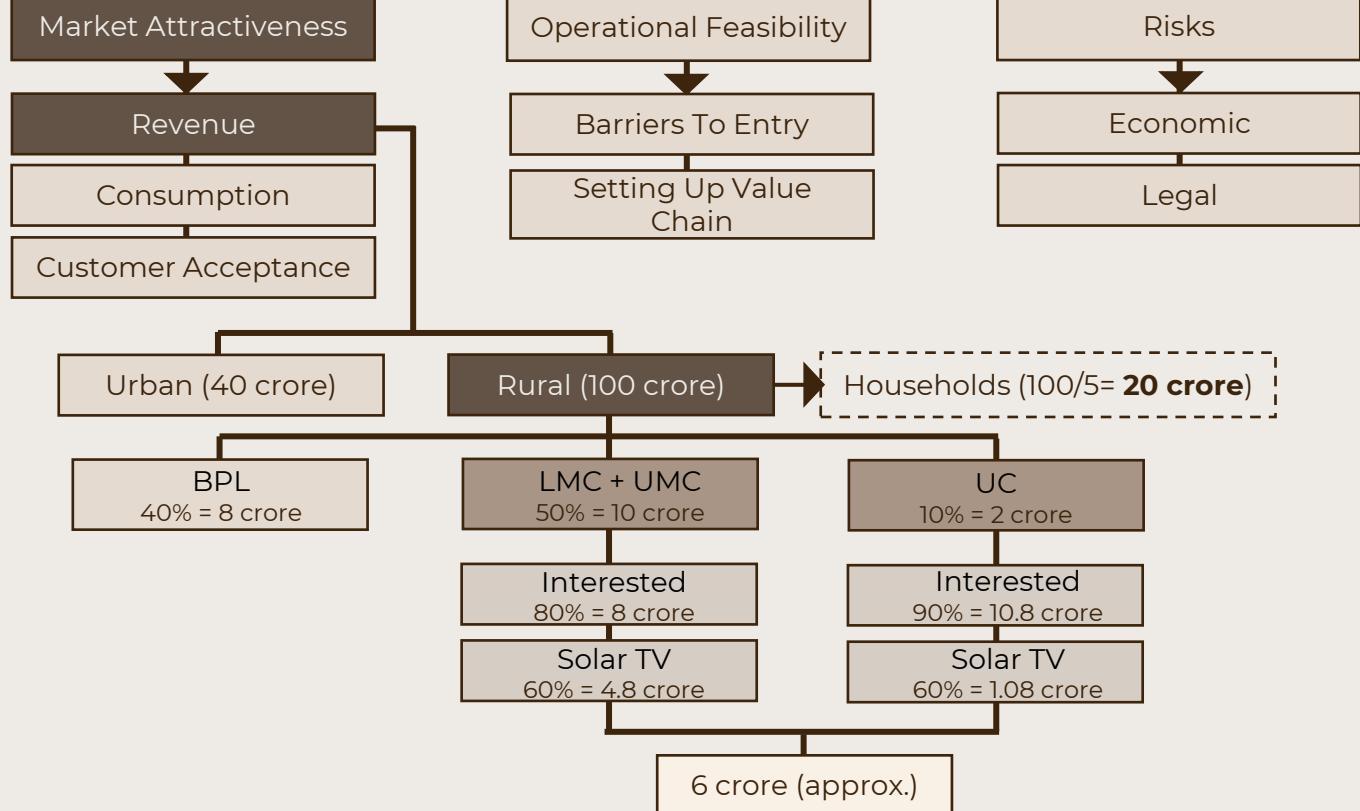
Brownie Points

- Identifying electricity as an important factor
- Accounting for sunlight availability

Keep In Mind

- Calculation of revenue for maintenance and price has to be done separately.

MARKET ENTRY



RECOMMENDATIONS

- The client should enter the Indian market

Hotline Bling

Walkthrough

CASE TYPE

MARKET ENTRY

COMPANY

MCKINSEY & CO.

ROUND

ENGAGEMENT
PARTNER

INDUSTRY

TELECOM



DIFFICULTY

Hey. Your client is an Australian Telecom Company planning to enter India. Prepare a comprehensive market entry strategy for it.

Interesting. I'd like to clarify if the telecom company has already decided to enter India and we are to develop a "Go-to-Market" strategy or are we to first evaluate whether the company should enter India or not?

Why don't you come up with key metrics the company should look at while determining whether it should enter the country or not?

Great. I'd like to first know what the primary objective of the client is? Is it increased profits, larger market share or a social endeavor?

The client would like to maximize profits.

Okay. Does the client have any prior experience when it comes to entering a foreign market?

No, India would be the first.

Sure. I'd like to understand the client a little better. Can you tell me more about our client's business and value chain? Also, when would they like to enter the market?

Our client handles all parts of the telecom value chain. They are looking at a time frame of 2-3 years for entering the country.

How is our client fairing in Australia?

Our client is one of the leading telecom operators with a large market share in Australia.

Great. I'd like to now come up with my approach keeping in mind the present Indian Telecom Industry dominated by 2-3 large players.

I'd like to look at Financial feasibility, operational feasibility and risks. Under financial feasibility I want to look at the total profits we can make which would be equal to $(\text{Market size} * \text{Market share} * \text{Profit/unit}) - (\text{Fixed costs})$. This number shall then be evaluated to see if it is lucrative enough.

Under Operational feasibility, I'd like to evaluate the various steps of the value chain and analyse it through a two-step approach: Method and Manner. In the method we shall evaluate whether we want to set up the operation on our own or merge, acquire or opt for a joint venture with someone. Under mode, we shall determine how to achieve the method as obtained in step 1.

Lastly, under risks I'd evaluate the various risks associated with such a venture.

Hotline Bling

Walkthrough

CASE TYPE

MARKET ENTRY

COMPANY

MCKINSEY & CO.

ROUND

ENGAGEMENT
PARTNER

INDUSTRY

TELECOM



DIFFICULTY

Comprehensive! Why don't you tell me the various parameters you would consider for arriving at the market size and market share under financial feasibility.

Sure. I'd like to look at the following metrics to arrive at market size - the population of India, telecom penetration rate in urban and rural India as determined by income levels and age distribution, access to mobile phones, average subscription amount amongst other factors. To arrive at market share, I'd look at how fragmented the market is, switching costs in the industry, product quality compared to competitors. Profit per unit can be calculated by understanding the price we will charge and the variable costs associated with it. Lastly, we will estimate our fixed costs and reduce this from our expected profits.

Great, let's look at operational feasibility now.

Sure, we need to first determine if we want to be an end-to-end service provider or operate only in certain steps of the value chain. Considering we're end-to-end in Australia, I think we might follow the same model here. We can evaluate the following options: On our own, Merger, Acquisition, Joint Venture and Outsourcing. These options can be selected based on the following factors: Degree of control desired, Competence of other parties, Financial benefits, Feasibility, Legal requirements, Cultural fit, etc.

Once we select the mode, we need to develop the following steps of the value chain.

Legal certifications and requirements – Setting up offices and Telecom Towers – Hiring requisite staff – Setting up a distribution network - Marketing and advertising – After sales-services.

Great. Why don't you quickly sum up the risk factors involved too.

Sure, there would be:

- 1) General risks – Adjusting to Indian landscape and business environment (India is not as technologically-advanced as Australia)
- 2) Legal Risks - Getting permissions in an industry that has huge lobbying influence
- 3) Labour-related - Getting the right people with required competence
- 4) Barriers - Presence of big players who would not want to concede market share
- 5) New entrant risks - Entrance of Jio shook the market and led to massive price reduction. The company should be prepared for such threats.

Perfect. That should be all.

Hotline Bling

Framework

MARKET ENTRY STRATEGY FOR AN AUSTRALIAN TELECOM COMPANY

Clarifying Questions

- End-to-end value chain?
- Objective of entering the market?
- Time frame?

Brownie Points

- Importance of cultural fit
- Contrasting the Indian market with that in Australia to identify potential risks

Keep In Mind

- Ask the interviewer if your structure is okay before proceeding

FINANCIAL FEASIBILITY

TOTAL PROFITS



OPERATIONAL FEASIBILITY

METHOD



MANNER



RISKS



Wat-uh Product

Walkthrough

CASE TYPE

MARKET ENTRY

COMPANY

BAIN & COMPANY

ROUND

MANAGER

INDUSTRY

CHEMICALS



DIFFICULTY

Hey. Your client has made a powder that can kill germs when added to water. He believes India would be a good market to launch this product. Should he enter the market?

I'd like to understand the problem a little better. What does our client do? Can you tell me a little more about the product?

Your client is in the chemicals business and is based in Germany. He came up with this product recently. One sachet of the powder, when added to 10 litres of water, cleans the water in 30 minutes and makes it fit for drinking.

Great. Is India the only market we are considering? What is our primary objective? Is it profits?

Yes, the client is focused only on India. The objective is to maximise profits.

What is the price of the product? Also, are there any similar products already in the market?

Sure. We sell 12 sachets in a box at Rs. 10 per box. There are no other products exactly like ours in the market. However, there are certain powders that claim to have similar results. These are mainly fake.

Okay. When do we want to enter?

Your client would like to enter in the next 1 year. You can begin now.

Sure. I'd like to divide my approach into 3. First, I shall analyse the Financial feasibility of launching the product in India. Second, I shall analyse the manner of setting up operations in India. Third, I shall analyse the risks associated with a project of this nature.

Sounds good. You can begin now.

Sure.

1) Financial Feasibility:

In this step, I would like to estimate the profits we will make and analyse if this is a good enough figure.

$$\text{Profits} = (\text{Market size} * \text{Market share} * \text{Profit per unit}) - \text{Fixed Investment.}$$

I'd also like to keep in mind the market growth rate and ease of entry as pertinent considerations.

Estimating Market size and Market share (*Refer to the framework page for complete calculations*):

Wat-uh Product

Walkthrough

CASE TYPE

MARKET ENTRY

COMPANY

BAIN & COMPANY

ROUND

MANAGER

INDUSTRY

CHEMICALS



DIFFICULTY

We begin by dividing the country into urban and rural areas. For the purpose of this case, I would like to ignore those living in urban areas since most urban areas have access to clean drinking water and the availability of cheap bottled water. It is highly unlikely that such a product will succeed in urban areas given the plethora of alternatives. Our product is one that would be consumed by families as a whole and not one that is individually purchased by every member of the household (eg. Phones). So, we divide the rural population by the average family size.

Next, we estimate the percentage of rural families that have connection to municipal water supplies and whether this access is throughout the day or during parts of the day. We arrive at the total number of families that would require a product like this. We shall now divide the remaining families into different income groups. The reason for doing this is that on an average, every family would require around 30 litres of water every day, for drinking and cooking. This would mean the purchase of 3 sachets every day. Thus, they use up a box in 4 days. This comes up to approximately Rs. 70 per family in a month. Some families will not be able to afford such an expenditure on cleaning water every month and hence we need to rule them out.

Out of the remaining families, we can assume an average of 3 sachets every day, multiplied into 365, divided by the box size of 12 sachets, to give us the annual market size of approximately 685 crore boxes.

Keeping in mind the availability of certain substitutes and the fact that we might not be able to capture the entire market on arrival, we can estimate around 25% (170 crore) to be captured by us in the first year. We are taking only 25% since it would take time to gain the trust of the people. Next, I would like to know the profit/unit and the fixed investments required.

Sure, the variable cost of the product is Rs 8 per box. You can ignore fixed costs for now.

Okay. That gives us a profit/unit of Rs. 2 per box. Thus, our total profits, without considering the fixed element, will be 170 crores x Rs. 2 = Rs. 340 crores.

Is this figure good enough?

How would you decide if it is?

I would compare this to our existing profits and see if it causes a sizable increase. I would also compare it to the fixed investments required.

Great. Based on these metrics, you can assume that the profits are lucrative!

Great. Next, I'd like to analyse how we will set up the value chain. The following factors have to be looked at –

Obtaining necessary certification and licenses - Setting up manufacturing units in India – Developing distribution outlets
– Hiring the required staff – Marketing the product – After-sales service.

Wat-uh Product

Walkthrough

CASE TYPE

MARKET ENTRY

COMPANY

BAIN & COMPANY

ROUND

MANAGER

INDUSTRY

CHEMICALS



DIFFICULTY

First, we need to obtain the requisite permissions since this is a product that can cause great harm to society if it has side effects or does not perform as promised.

Under manufacturing, we need to decide whether we want to import the product from Germany or manufacture it within the country. Manufacturing within the country not only reduces transportation and import costs but also develops trust since it is made in India.

Under distribution outlets, we need to ensure that our product is available in most kirana shops and small-scale markets as this is the primary point of access to rural families.

Under staff, we need competent people to make the product. More importantly, we would require ground-level salesmen to sell the product in the poorest parts of India.

Gaining their trust would be a huge barrier to overcome and hence this segment of manpower must be carefully selected.

We can market the product through a variety of ways – Radio, Melas, Village panchayats and billboards. We need to keep in mind that usual methods of marketing such as TV would not be applicable in this case.

Lastly, we need to ensure we have a proper system in case customers have any grievances or queries regarding the product.

Brilliant. Anything else you would like to look at?

We can consider partnering with the Government or certain NGO's. This increases our credibility, provides us with subsidies and helps us in setting up operations. They benefit too, from the social initiative.

Apart from this, I'd like to look at risks that we may face.

Primarily, the biggest risk would be getting rural families to accept the product. There will also be risks of other competitors entering the market. Ensuring that our product performs as promised would be very important as there would be a lot of legal barriers to develop such a product.

Great. We can end the case here!

Wat-uh Product

Framework

LAUNCHING A POWDER THAT CAN KILL GERMS WHEN ADDED TO WATER

Clarifying Questions

- Product specification and price
- Existence of competitors
- Primary objective

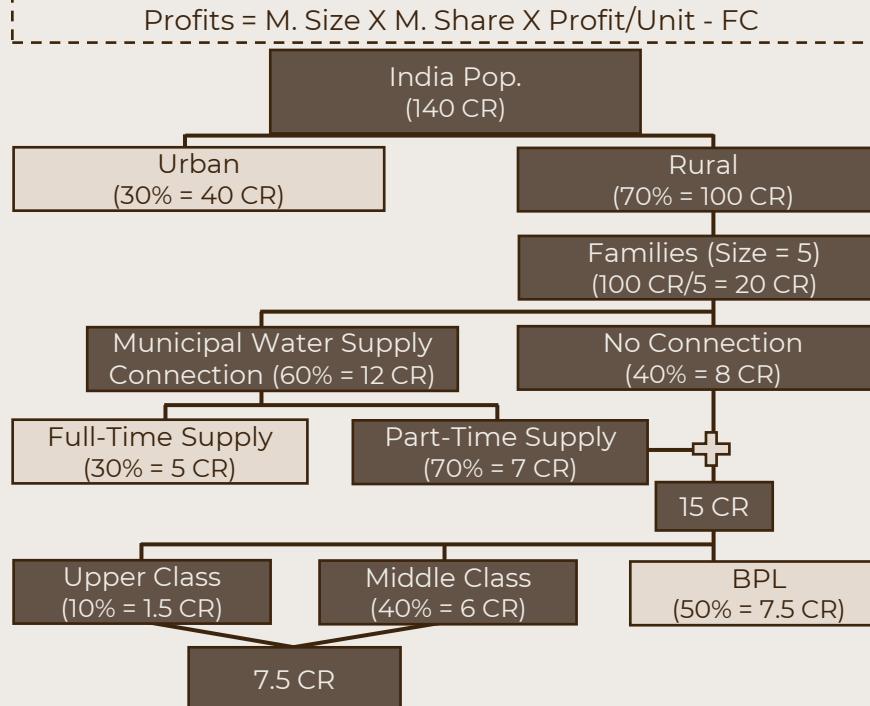
Brownie Points

- Considering connection to municipal water supply while estimating market size
- Keeping in mind the type of salesmen required for this product
- Partnering with the Government or an NGO

Keep In Mind

- When determining market share, you might be tempted to give higher percentages. Try to be realistic and come up with a more conservative number.

FINANCIAL FEASIBILITY



MARKET SIZE

No. Of Families X Daily Consumption X No. Of Days

$$7.5 \text{ CR} \times 3/12 \times 365 = 685 \text{ CR}$$

MARKET SHARE

$$685 \text{ CR} \times 25\% \approx 170 \text{ CR}$$

PROFITS

$$170 \text{ CR} \times \text{Rs. 2/unit} = \text{Rs. 340 CR}$$

↓

Rs. 340 CR

Lucrative Amount

OPERATIONAL FEASIBILITY



RECOMMENDATIONS

Based on the above discussion, we **should** enter the Indian market!

Ferry Tales

Walkthrough

CASE TYPE

MARKET ENTRY

COMPANY

KEPLER CANNON

ROUND

PARTNER

INDUSTRY

TOURISM

DIFFICULTY

Your client operates various ferries across India and is now deciding whether he should launch a cruise from Chennai to Port Blair and wants your opinion on the same.

Sure. I want to begin by understanding our client better. Where are we currently operating and what is our objective out of this new venture?

Our client currently has Panjim-Vasco Ferry, Port Blair-Havelock Ferry and Jorhat-Majuli Ferry. We would like you to assess the financial attractiveness of the Chennai-Port Blair Ferry in terms of expected revenue from Indian tourists. Assume that all ferry services to Port Blair depart from Chennai.

Interesting. So, our client has experience in this business. I would like to now understand the proposed ferry and the market better. What kind of ferry do we have in mind: Luxury/Economy? How long is the journey? Do we have competitors on this route?

Our cruise will be luxurious. The journey is about 60 hours long and we have a few players in the market.

Understood. To analyse the revenue, I would like to calculate the market size and market share with the following steps:

STEP 1: Estimate the number of people who travel

STEP 2: Estimate the number of people who would go to Port Blair

STEP 3: Estimate the number of people who would travel by ferry

STEP 4: Estimate the share of the above that would choose our service

STEP 1: Estimate the number of people who travel for recreational purposes at least once in two years

A good place to start is India's population. We can keep narrowing the population based on certain eliminating factors.

First, it makes sense to divide the population of 1.4 billion into 30% staying in urban areas and 70% staying in rural areas. Next, we can slice the urban population according to different income levels:

Category	Income	Percentage	Population	% that travel	Number of families = Total/4
Below Poverty Line	< Rs 10,000/month	30%	120 million	0%	0
Lower Middle Class	Rs 10,000 – Rs 20,000/month	30%	120 million	30%	9 million (36 million/4)
Upper Middle Class	Rs 20,000 – Rs 80,000/month	30%	120 million	60%	18 million (72 million/4)
Upper Class	> Rs 80,000/month	10%	40 million	80%	8 million (32 million/4)

Ferry Tales

Walkthrough

CASE TYPE

MARKET ENTRY

COMPANY

KEPLER CANNON

ROUND

PARTNER

INDUSTRY

TOURISM

DIFFICULTY

Can we move forward with the above estimation on the basis of income segmentation?

Sure.

Total number of families that go on a trip every year = 35 million

Assumption: Average number of trips per year per family = 1

Total number of trips in a year = 35 million

We can say about 10% of these would be international

Total number of domestic trips = 31.5 million = 32 million (approx.)

STEP 2: Estimate the number of families that would go to Port Blair:

We can assume that there are about 20 popular tourist destinations in India with an equal probability of being chosen

Hence, number of family trips made to Port Blair = 32 million/20 = 1.6 million

STEP 3: Estimate the number of families that would travel by ferry:

Here, I would like to know the price of ferry tickets and the price of an airline ticket.

Sure, ferry prices are Rs. 8000 per ticket. We as well as our competitors are charging the same price. An airline ticket costs around Rs. 4000.

Thank you. We can further analyse this by segmenting families based on the mode of transportation. Since flights are cheaper and faster, most people, especially those belonging to the middle class will opt for this. About 30% would prefer a ferry given the luxurious and leisurely experience.

Mode	Percentage	Total
Flights	70%	1.1 million (approx.)
Ferry	30%	0.5 million (approx.)

STEP 4: Estimate the share of the above that would choose our service

I would now like to benchmark our cruise with those of our competitors.

We have a well established brand name unlike our competitors and in addition to that the service that we provide is superior to that of competitors. Assume we will be able to capture 40% of the market.

Number of families that travel by our cruise = $500,000 * 40\% = 200,000$ families. Expected revenue = $2,00,000 * 4 * 8,000 = 6,400,000,000$ = Rs. 6.4 billion. Keeping the cost in mind, our client can make decisions based on this revenue figure.

Yes, indeed, thank you for your time.

Ferry Tales

Framework

FERRY SERVICE FROM CHENNAI TO PORT BLAIR

Clarifying Questions

- What is the objective?
- Which other ferries do we operate?

Brownie Points

- Keeping international trips in mind

Keep In Mind

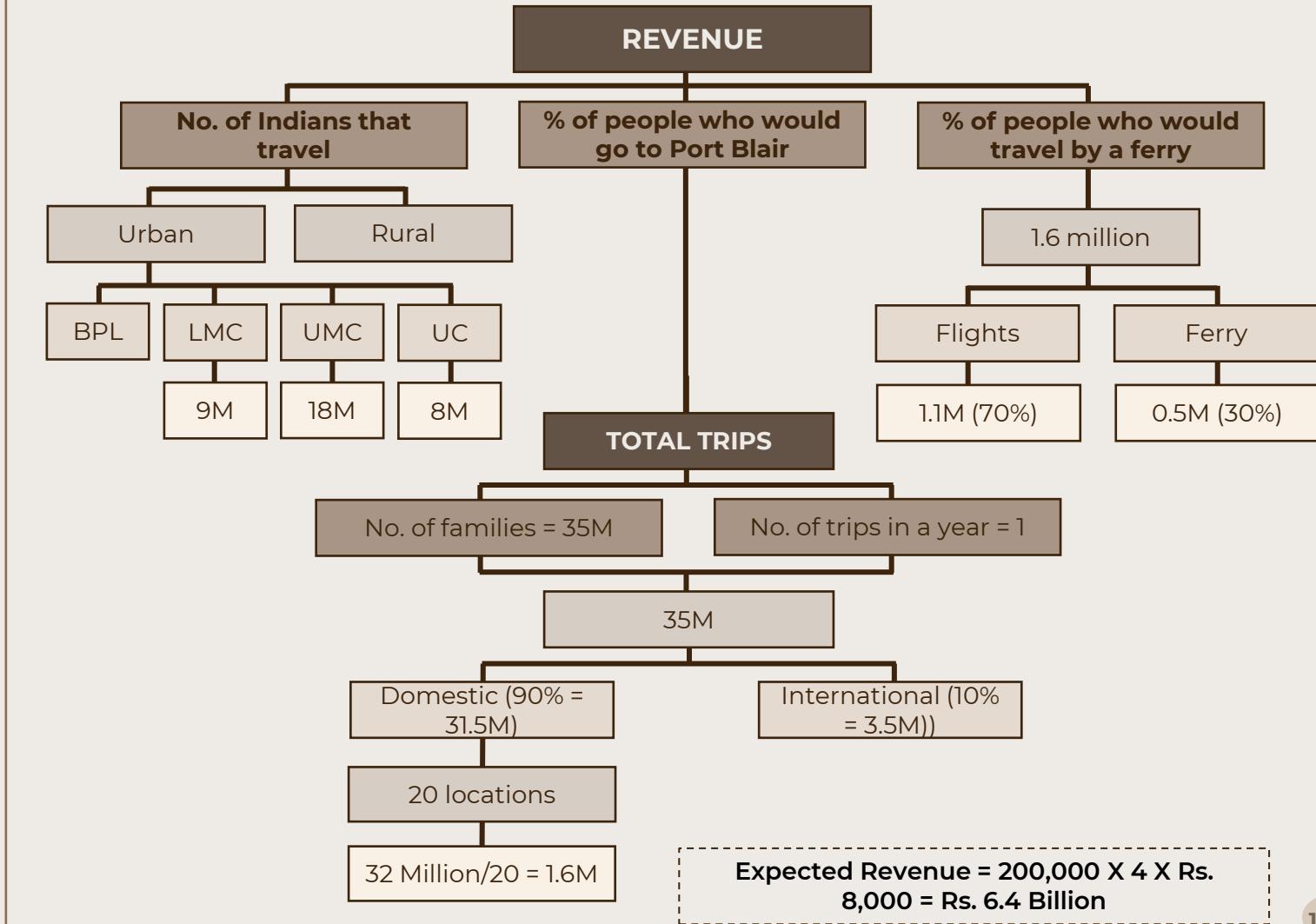
- Remember to adjust for family size in the end
- Calculating in a tabular format ensures clarity of calculations

BPL: Below Poverty Line

LMC: Lower Middle Class

UMC: Upper Middle Class

UC: Upper Class



GROWTH



FRAMEWORK

A typical growth problem would look like "You need to increase your client's revenue by 40% in the next 2 years." It is important to understand the problem better by asking some preliminary questions. Some important questions are –

- 1) Understand the company – Geography/Products/Customers/Value chain
- 2) The objective behind targeting growth
- 3) Current growth rate of the company
- 4) Current growth rate of the Industry
- 5) Timeline to achieve this growth if not given in the statement
- 6) Any budgetary constraints to be kept in mind while solving the case
- 7) Keep checking operational feasibility at every stage – Are our current plants capable of meeting the increased demand?

Let us look at the different ways of increasing revenues.

The methods can be broadly divided into –

- 1) **Organic means**
- 2) **Inorganic means**



Organic means can be divided into –

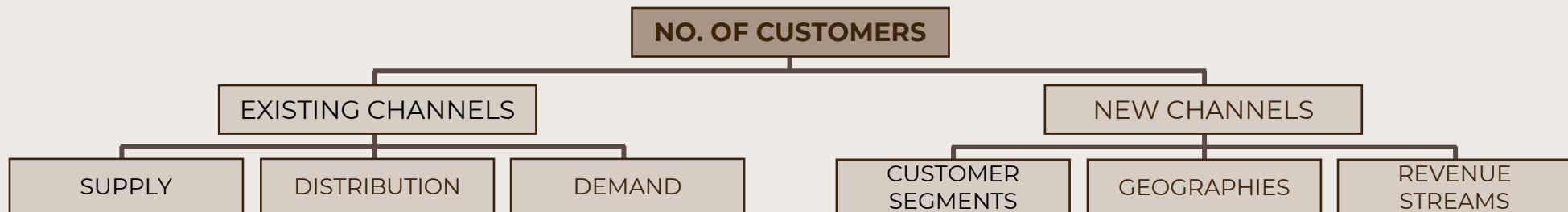
- a) **Number of customers**
- b) **Revenue per customer**



FRAMEWORK

Under **Number of customers**, we can look at -

- i. **Growth via existing channels** – Supply (Capacity), Distribution (Online/Offline & Number of distributors and Amount sold per distributor), Demand (You can look at improving the quality of the current services)
- ii. **Growth via new channels** – New customer segments, New geographies, New revenue streams



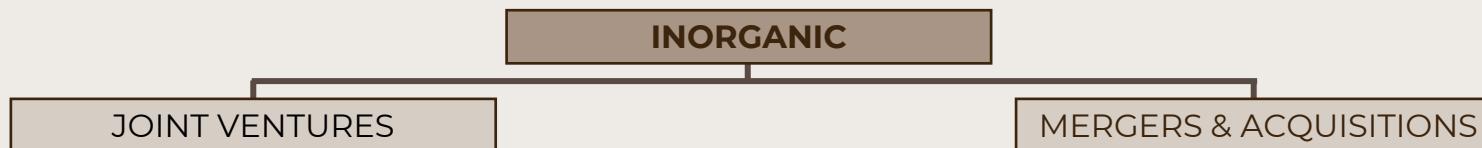
Under **Revenue per customer**, we can look at -

- i. Price charged
- ii. Life span of the product/Usage
- iii. Cross-selling
- iv. Implementing promotional activities – Loyalty programs, bulk discounts etc.



Inorganic means include Joint Ventures, Mergers and Acquisitions. Points to note under these -

- i. Criteria for shortlisting companies
- ii. Identifying key geographies to expand to via Mergers and Acquisitions
- iii. Timeline for the proposed increase



When Life Gives You Lemons

Walkthrough

CASE TYPE

GROWTH

COMPANY

MCKINSEY & CO.

ROUND

PRINCIPAL

INDUSTRY

FOOD & BEVERAGE



DIFFICULTY

Hey, let's begin with a quick case. Your client is your nephew. He recently opened a lemonade stall for the summer holidays. However, his sales have been really poor. He has come to his favourite relative for increasing his revenue. How would you help him?

Oh wow, that's interesting! Anything for family. I'd like to understand a few things about my nephew's business. When did he start? What are his working hours like?

He started last week. He works from 2 PM – 5 PM every day except Sunday.

Sure. Does he sell different types of lemonades or any other products? Where is his stall located?

He sells only one type of lemonade. He has a small cart that he pushes around the neighbourhood to make his sales.

Sure. Who are his main competitors? Does he have supply-side constraints?

There are no other lemonade vendors around him. However, there are quite a few corner shops and supermarkets that sell juices and other substitutes. No, he does not have supply-side constraints. He, in fact, has a lot of lemonade everyday that goes unsold.

Sure, I can begin now.

$$\text{Total Revenue} = \text{Revenue per customer} * \text{Number of customers}$$

Starting with number of customers – There are 5 strategies he can use:

- 1) Time - He can change the time he operates. This would require doing research on when there is maximum potential for tapping customers. Two strategies can be used - increase in hours worked and optimum time brackets chosen
- 2) Area - His biggest advantage is that he can cover a large area through his cart. He can identify hotspots and be there at particular times. For example, near a school or playground. He can also cover a larger part of his neighbourhood.
- 3) Quality - He needs to ensure that his lemonade is of good quality. The moment word spreads about its taste, he can be sure to garner more daily attention.
- 4) Marketing - Distributing pamphlets and putting up small banners across his neighbourhood will definitely garner more attention. His mother and father can, in fact, inform all of their friends to purchase their son's lemonade.
- 5) Different Channels - Instead of just relying on sales through his cart, he can also set up home delivery for his neighbourhood. He can also invite bookings for birthday parties and other gatherings.

Next, we move on to increasing revenue per customer. There are two ways he can increase this - By increasing the price of his product or by increasing the volume sold. Do we have any information on the price he charges?

When Life Gives You Lemons

Walkthrough

CASE TYPE

GROWTH

COMPANY

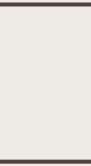
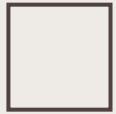
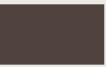
MCKINSEY & CO.

ROUND

PRINCIPAL

INDUSTRY

FOOD & BEVERAGE



DIFFICULTY

He sells his lemonade at Rs. 20/glass of 200ml.

That seems like a reasonable price. In fact, keeping in mind that his only competition is established stores that have much higher prices, he can probably increase his price to Rs. 25 without seeing a dip in demand.

To increase his volume sold, he can do two things – First, he can offer discounts on every additional purchase or larger purchases. Second, he can increase the products available - Maybe, selling cookies would incentivise people to buy a combo and help him cross-sell.

Brilliant. Seems like you've covered it all. Your nephew thanks you and offers you a free glass of lemonade.

Haha, thank you!

When Life Gives You Lemons

Framework

INCREASING REVENUE OF LEMONADE STAND

Clarifying Questions

- What are his working hours?
- Location of his stall?
- Different products that he offers?

Brownie Points

- Idea of how his mother and father can also help him push sales through their friends

Keep In Mind

- In such scenarios, it is always important to modify the structure depending on the type of situation. Visualizing the problem at hand always helps.

REVENUE GROWTH

No. of customers

Time

Area

Quality

Marketing

Channel

Revenue/customer

Price/customer

Volume/customer

Discounts

Cross selling

When Chai Met Toast

Walkthrough

CASE TYPE

GROWTH

COMPANY

KEARNEY

ROUND

PARTNER

INDUSTRY

FOOD & BEVERAGE



DIFFICULTY

There's a tea-seller inside your college campus whose business is facing a threat from a new Nescafe stall with more attractive and diverse offerings. How can you help this business survive and grow?

Okay. I will first start by understanding the tea-seller's business and that of the new Nescafe stall. How long has the tea-seller been in the college? Does he sell anything other than tea? How much does he price these products? What is the new Nescafe stall offering? Are there any other food stalls in the campus?

The tea-seller has been in the college for more than 20 years. He sells 3 items – Tea for Rs. 10, Patty for Rs. 20 and Samosa for Rs. 15. The Nescafe stall offers coffee for Rs. 30, Maggi for Rs. 50 and a variety of Sandwiches for Rs. 40 each. There are no other food stalls.

Understood. Do we have a specific objective as to how much we are looking to grow the business by and in what time frame?

The tea-seller has suffered great revenue hits already and is looking at strategies he can employ immediately to face the threat. He would like to grow the business by as much as possible.

Got it. My approach is going to be divided into 2:

- 1) Consolidating the existing business – Here, we will look at improving the way the tea seller operates and how he can increase the sales of his items.
- 2) Venturing into new business – Here, we will explore new products he can introduce, new areas/colleges he can enter, new customer segments he can look at and finally, inorganic growth methods such as partnering with Nescafe, etc.

In addition, we can also look at ways to eliminate the Nescafe threat in a different way altogether. We can get the Principal to interfere in some way or threaten to close shop if Nescafe continues business. These are not very ethical but are options nevertheless.

Hahaha. Let's concentrate on our stall for the time-being.

Sure. Let's first look at ways in which we can improve our revenues in our existing business. There are two components to revenue: Number of items sold and price. Any increase in the prices will further reduce demand. If prices are reduced, it will not matter much as the customers are turning to Nescafe even though it is more expensive. Therefore, changing our prices may not make sense. Let's look at how we can increase the number of items sold.

Here, we can look at supply-side and demand-side constraints. Under supply-side, we can look at 3 things – Availability of ingredients, working hours and capacity. Can the tea-seller arrange enough ingredients, plates, etc. if we increase sales? How long is the stall open for? During peak hours, can the tea-seller cater to all customers or does he have to turn some away?

When Chai Met Toast

Walkthrough

CASE TYPE

GROWTH

COMPANY

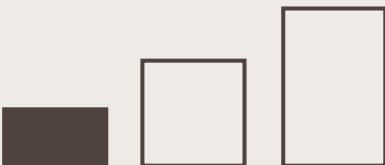
KEARNEY

ROUND

PARTNER

INDUSTRY

FOOD & BEVERAGE



DIFFICULTY

The tea stall is open on all working days. It opens at 10 AM and closes by 5 PM. The tea seller is always able to cater to all customers, no matter the rush.

Maybe the tea seller can consider opening a little earlier as college classes usually start earlier and tea is most demanded in the morning.

Makes sense. Let's move on to demand.

Sure. Here, I am interested in 2 things:

- 1) Experience: Can we improve the taste of the items? Can they be served differently to appeal to more people? Perhaps, a cup that insulates the heat so that it is easy to hold the hot cup of tea.
- 2) Place: The tea seller can consider changing the location of the stall as well. Somewhere with more seating area, shade, etc. can be explored. Locations that are at some distance from the Nescafe stall would also make sense. Can a person go around to classes and sell the tea inside these rooms as well?

The tea seller likes your idea of going around the campus to sell tea. Is there anything else you want to look at?

Yes. We can now look at new products, new areas/campuses, new customer segments and inorganic growth possibilities. Since we are looking for strategies we can implement immediately, it will not make sense to expand to new areas. Under new products, we can look at offering coffee as well. Since our coffee will be cheaper than Nescafe's, price-sensitive customers will return to our stall. In addition, packet food such as chips, snacks, etc. can be introduced as well. During the summer, cool drinks are in demand. Maybe the tea-seller can buy or rent a refrigerator so that he can serve these as well.

Looking at new customer segments, the seller can come up with sugar-free options and classroom delivery for elderly faculty.

Should we look at inorganic growth options as well?

That won't be needed. We can end the case here.

When Chai Met Toast

Framework

TEA-SELLER VS NESCAFE STALL

Clarifying Questions

- What are the current offerings?
- What is the time frame in which growth has to be achieved?

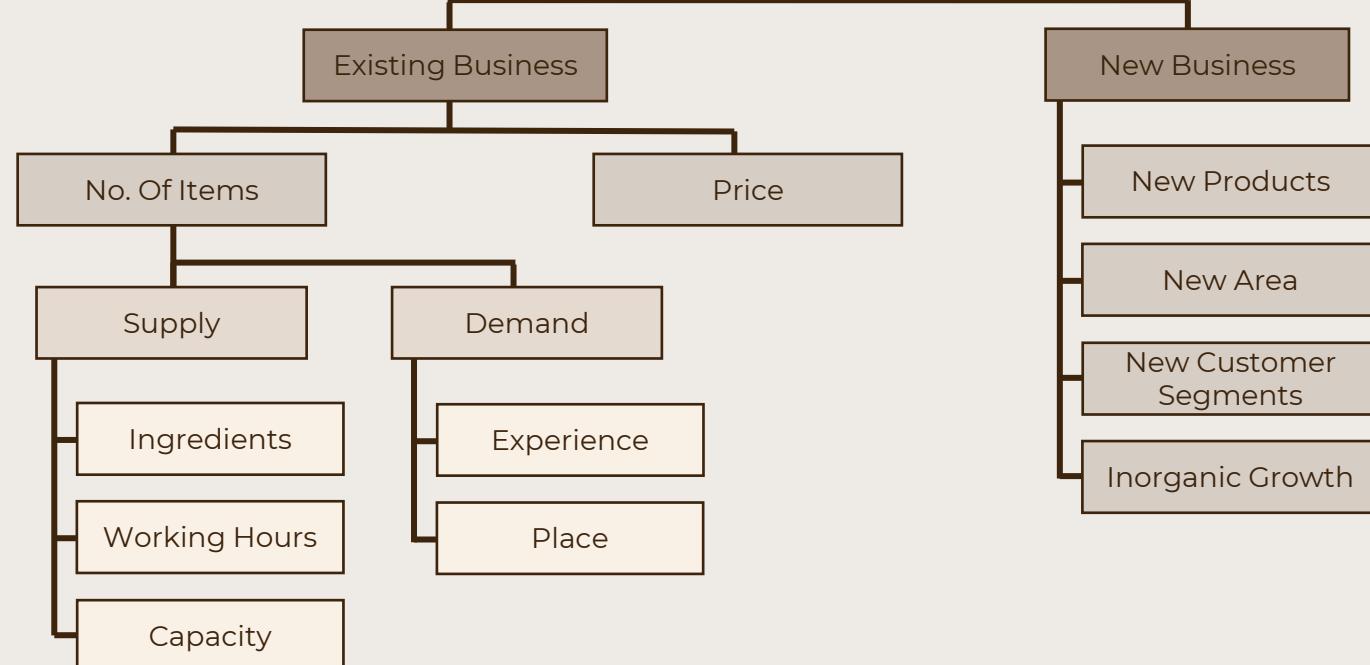
Brownie Points

- Looking at moving around college to sell more tea under 'Place'

Keep In Mind

- A short-term growth strategy will differ significantly from a long-term one

GROWTH STRATEGY



Crazy Rich Asians

Walkthrough

CASE TYPE

GROWTH

COMPANY

MCKINSEY & CO.

ROUND

PARTNER

INDUSTRY

HOSPITALITY



DIFFICULTY

Your client is a leading Asian hotel chain owner. He wants to grow his business. What would you advise him?

Interesting. I would first like to understand the business a little better. How many hotels do we own and which countries are they located in? Which customer segment do we cater to? Do we have details on our current market share in this segment? Also, are we talking about pre-covid times?

There are about 50 hotels across countries like India, Singapore and Thailand. The hotels primarily cater to people travelling for business purposes. We do not have details on our market share. The year is 2018.

Got it. How much are we looking to grow by and how much time do we have to achieve this target?

We are looking to grow our revenues by 40% by the end of 5 years.

Makes sense. Do we have any budgetary constraints?

Not really. You can begin with your approach now!

Sure. Under my approach, I will first look at increasing revenues from our existing business. Once we have exhausted this option, we can look at new business opportunities including new geographies, new revenue streams, new customer segments and mergers and acquisitions.

We believe we have reached our maximum potential in our existing business model. Why don't we look at some of the other growth opportunities? Let's start with new geographies. What parameters will you keep in mind while selecting these places?

The different aspects we can look at before we enter a new geography are the following:

- 1) Market attractiveness: This includes market size of the country, the market share we can expect to capture, the profitability of our services and the market growth rate. The competitive landscape too will be a key determining factor.
- 2) Operational feasibility: We will also look at whether we will be able to set up our hotels easily in the selected locations. There are often land ownership regulations, labour laws, etc that have to be complied with.
- 3) Risks: An analysis of the political, economic, social, technological, environmental and legal (PESTEL) environment can be carried out to identify potential risks in the said market.

Sounds good. What would you like to look at next?

We can explore new revenue streams. For this, I would first like to know our existing services. I assume most of our revenue comes from room rental and restaurants located within the hotel?

Crazy Rich Asians

Walkthrough

CASE TYPE

GROWTH

COMPANY

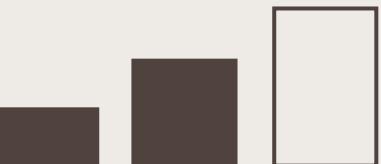
MCKINSEY & CO.

ROUND

PARTNER

INDUSTRY

HOSPITALITY



DIFFICULTY

That's true. We also have a banquet hall in most of our hotels.

That's interesting. Since our hotels primarily cater to the business segment, maybe we can introduce conference rooms. We can also consider converting our banquet halls into business centres which will provide good wi-fi connectivity and computer services. We can also explore the option of creating a gym in some of our hotels which will set us apart from other hotels. Some hotels have set up medical desks in-house. These desks allow the guests to check their blood pressure, pulse, etc. and also provide first aid. In addition, we can introduce laundry services to our guests. Lastly, some hotels also lease out space to certain luxury stores. This will have two benefits. Firstly, we will get additional revenue from these stores. Secondly, the image of our hotels will improve.

Are we open to diversifying our business into other areas such as clubs, event management, etc.?

Good suggestions so far. We are looking to stay in the hotel business itself. We were also looking at introducing pick up and drop services for our guests. This will make it easier for them to go to the airport or their workplace.

Yes. That sounds like a good idea.

Let's move on to the next part of your framework.

We can also look at targeting other customer segments. Rooms with a reduced charge can be introduced which will appeal to tourists. Singapore, Thailand, etc. have a high tourist influx, making it a lucrative option. We can also introduce a spa to target this segment and make additional revenue.

We have decided to stick with the business segment for now.

Alright. We are now left with mergers and acquisitions. We can consider merging with or acquiring other hotels in the markets we're present in. This will have the benefit of making the markets less competitive and will allow us to increase rates. We can also use this as a mode of entry to the new geographies we decide to enter. Is there anything else we should look at?

This is enough. Thank you.

Crazy Rich Asians

Framework

GROWTH

Clarifying Questions

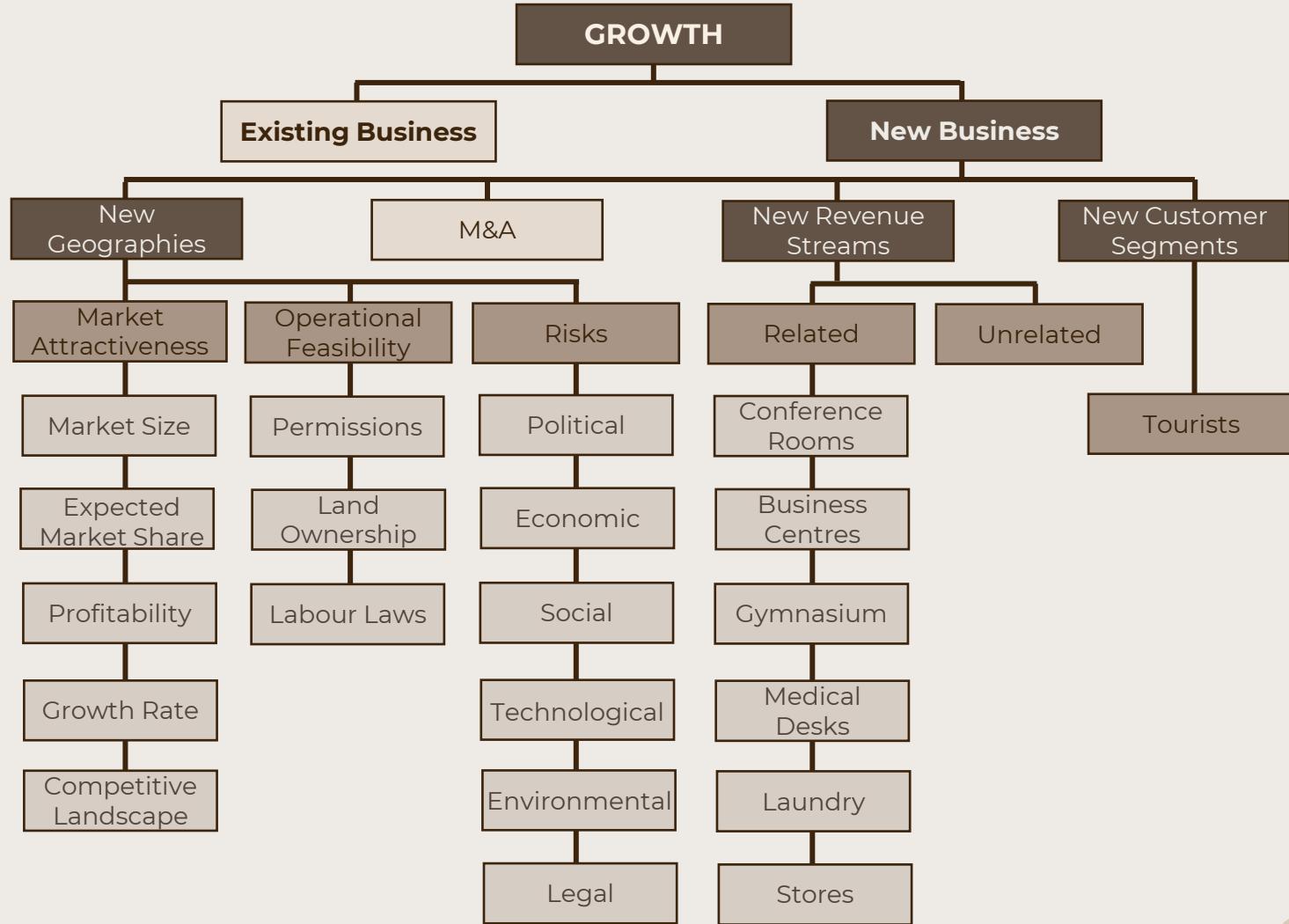
- How many hotels do we run?
- Are we talking about pre-covid times?

Brownie Points

- Introducing a medical desk, gym and spa
- Offering business centres to our clientele

Keep In Mind

- Do not go into too much detail in a certain step without being pushed to



The Hunger Games

Walkthrough

CASE TYPE

GROWTH

COMPANY

ZOMATO

ROUND

MANAGER

INDUSTRY

FOOD & BEVERAGE



DIFFICULTY

Your client is a restaurant owner. He has asked you to identify possible ways of doubling the restaurant's monthly revenue in 1 month. March, 2021 had "x" revenue, We wish to get to "2x" revenue in April, 2021.

Sure. With the objective of doubling the revenue next month in mind, I would like to begin by understanding the restaurant better. What are the locations in which the restaurant is present? Are there multiple outlets of the restaurant? If yes, how many? What type of a restaurant is it in terms of the cuisine and the category of customers it caters to? Lastly, as we are looking at April 2021, would it be fair to incorporate the COVID-19 scenario for the purpose of the case?

Yes, let's look at the scenario posed by the pandemic. The restaurant has 10 outlets in Delhi. It is a restaurant popular for its biryani (veg and non-veg). In fact, Biryani is their only dish. The restaurant caters to high-income customers. You can compare it to something like Behrouz.

Alright. What is our current growth rate?

Our current growth rate is 14%.

Sure. Just to understand it in relative terms, what is the industry's growth rate?

The industry's growth is close to 14% as well.

Alright. So, our client is doing fairly well. What are the major sources of revenue? I guess they are orders and advertisements (if any).

Our client doesn't have any revenues from advertisements.

Perhaps, as part of our approach, we can look at adding other sources of revenue. I will get to this after laying down my overall approach.

Let's focus on revenue from orders.

Thank you, sure! Revenue Growth can be achieved by either: a) Organic means b) Inorganic means - Joint Venture and Acquisitions

You can limit your analysis to organic means of growth.

In terms of organic means,

$$\text{Revenue} = \text{Number of restaurants} * \text{Revenue per restaurant}$$

The Hunger Games

Walkthrough

CASE TYPE

GROWTH

COMPANY

ZOMATO

ROUND

MANAGER

INDUSTRY

FOOD & BEVERAGE



DIFFICULTY

As we are looking at a span of just one month, I would like to rule out the possibility of increasing the number of restaurants. Also, considering the lockdown in Delhi, I would like to start off by focusing on the delivery aspect and then move on to dine-in and take-outs.

That sounds good. Let's focus on revenue per restaurant in the delivery segment.

Sure,

Revenue per restaurant = Average number of orders * Average bill value

1) Under Average number of orders, we can look at:

1) Supply:

If we are not meeting the demand or have the potential to increase supply, we can look at:

- i. Increasing our capacity by installing more machinery and improving our kitchens' efficiency
- ii. Hiring more employees and increasing their efficiency
- iii. Exploring the option of cloud kitchens: A cloud kitchen is a delivery-only restaurant that has no physical space for dine-in. This has become exceedingly popular during the pandemic with restaurants exploring innovative ways to cut costs.

2) Distribution: Existing Channels & New Channels

- i. Adding channels of distribution - Zomato, Swiggy, Dine Out. We can also start your own delivery system like Dominos, etc.
- ii. Optimising the distance for ordering & delivery - If there is a 10 km radius, perhaps, we can increase it to gain more customers
- iii. Increasing the size of our delivery fleet to ensure speedy delivery and increased demand

3) Demand: This is the driver which has the maximum potential to increase revenue. Hence, I will look at this in greater detail. Ways in which we can increase demand are:

- i. Need - Creating demand by branding the Biryani as a comfort home food and an attractive alternative to fast food.
- ii. Awareness - Marketing the business and our Biryani by adopting strategies such as paying aggregators like Zomato to be on their homepage and if possible, be the top choice when someone searches "Biryani" or "non-vegetarian dishes".
- iii. Accessibility - Ensuring last-mile connectivity for delivery would be effective. This is based on a fact that I read about how 1 out of every 5 pre-covid orders placed from urban areas is now being placed from a rural area due to people moving back home.

The Hunger Games

Walkthrough

CASE TYPE
GROWTH
COMPANY
ZOMATO
ROUND
MANAGER
INDUSTRY
FOOD & BEVERAGE

DIFFICULTY

- iv. Affordability - Adding discounts on large orders, festival season, etc., having coupons and free add-ons or condiments after a certain order value will increase demand.
 - v. Experience – We can look at improving individual aspects of our value chain from cooking to packaging and then to delivering. We can focus on marketing the 'luxury' and 'safety' aspects of our Biryani, add a make-your-own biryani box, etc. can be explored. Additionally, we can look at introducing pleasing aesthetics through packaging, adding a note inside, etc.
- 2) Moving to the Average Bill Value, we can look at the following aspects:
- a. Average Price: I would like to exclude this component because increasing the price of items just to double revenue for a month can have adverse long-term effects. Also, price is highly-dependent on competitor benchmarking as well. However, one possible reason we can give for a slight increase in prices can be for additional safety measures we have undertaken such as including sanitizer sachets and regular health monitoring of delivery executives. On the other hand, decreasing the price won't be suitable for this situation as we cater to the premium segment which is not very price-sensitive.
 - b) Average Order Size:
 - i. Decoy marketing – This is a strategy adopted to push sales of a dish by asymmetrically presenting product sizes to push sales of larger quantities
 - ii. Add-ons – Free items with higher-priced meals
 - iii. Cross-selling - Incorporating combinations like family meals that are economic but induce the customers to spend more
 - c) Product Mix:
 - i. Adding complementary products to the menu - raita, papad, salad etc.
 - ii. Introducing other North-Indian dishes

That was very comprehensive, I don't have any follow-up questions for you. The client will be sure to incorporate your suggestions. Do you have anything else to add?

Yes indeed. With the lockdown in place, the society has shifted to a world of home-centered celebrations including birthdays, anniversaries, promotions, etc. We could partner with shops selling party props and/or cakes so that a customer gets the convenience to meet all requirements through our outlets.

As mentioned before, this was all about the delivery side of the business, we can incorporate these changes in our dine-in and take-out side of the business too once the lockdown is lifted.

That's perfect! We can end the case now.

The Hunger Games

Framework

DOUBLING THE REVENUES OF A BIRYANI CHAIN IN DELHI

Clarifying Questions

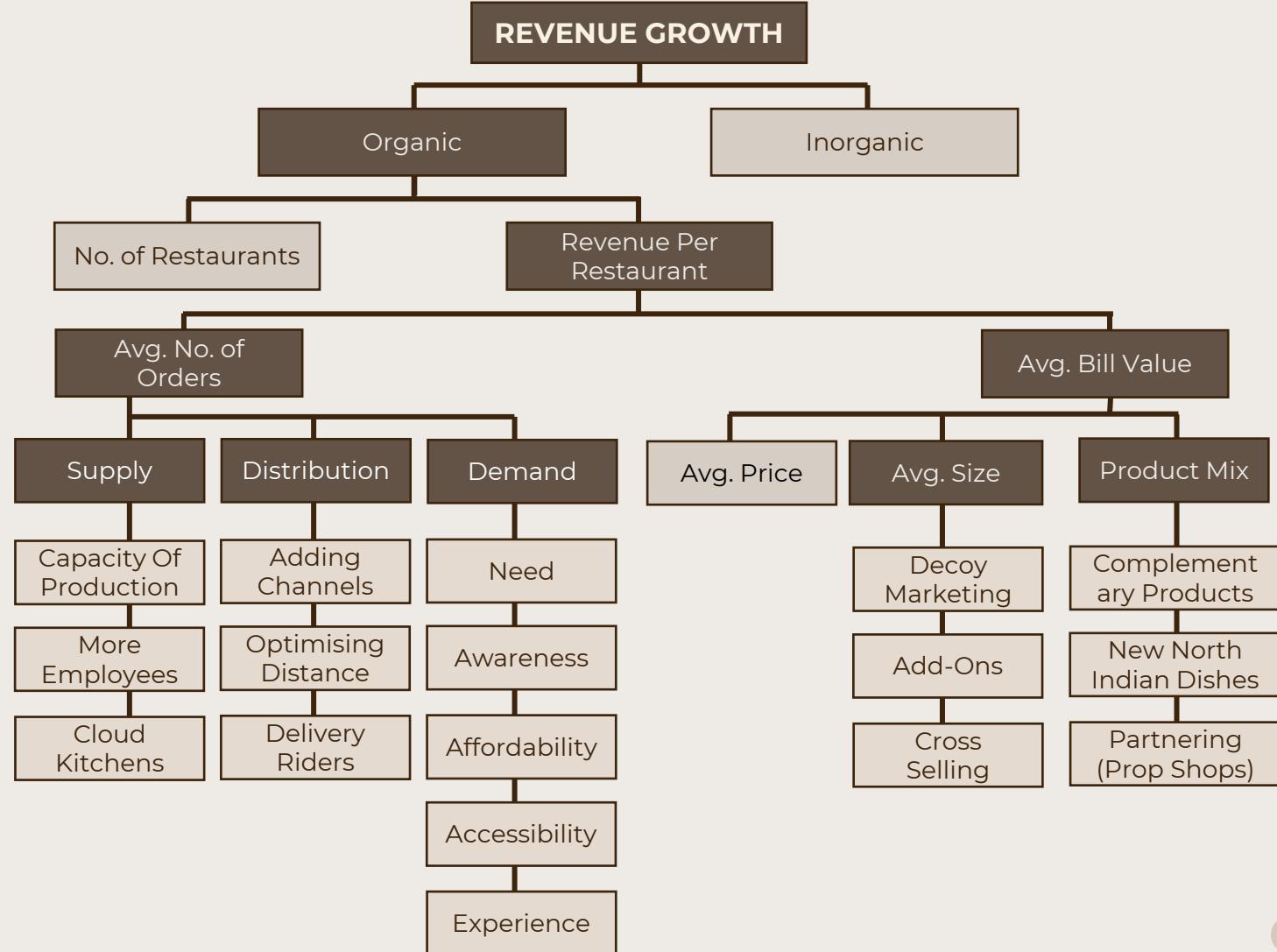
- Where is it located?
- What is the cuisine and customer segment of the restaurant?

Brownie Points

- Home-centered celebrations
- Introducing safety measures such as health monitoring
- Incorporating rural demand
- Cloud kitchens
- Decoy marketing

Keep In Mind

- There is no strict framework to solve a case, you can always customize frameworks and merge multiple frameworks according to the case.



Risk It for the Biscuit

Walkthrough

CASE TYPE

GROWTH

COMPANY

BCG

ROUND

PRINCIPAL

INDUSTRY

FMCG

DIFFICULTY

Hey. Your client is ABC Food Inc, a famous biscuit manufacturer. They have been facing a drop in sales for 3 years and want to grow their market share. They have approached you for the same.

Interesting. I'd like to understand the problem a little better. Where is our client located? How many different types of biscuits do they produce? How much is their current market share and by how much do they want to increase their market share?

The client is located Pan-India. For the purpose of this case, assume they sell one kind of biscuit – the Salted Biscuit. Their market share has been steadily dropping. It is currently at 30%. They want to bring it to 40%.

Has the decline in market share been Pan-India?

No, in fact, the decline has been only in Gujarat.

Interesting. I'd like to divide my approach into 2. First, I'd like to understand the cause for decline in sales and then come up with strategies to increase market share.

You can proceed with your approach.

Analysing the declining sales, I would like to break it into the 3 steps of the value chain - Production, Distribution and Demand. Under production, I'd like to understand if there have been any changes causing us to not meet the demand. Either reduction in capacity or reduced efficiency. Under Distribution, I'd like to understand if there has been any change in the number of distributors we have and the amount sold by each distributor. Lastly, I'd like to understand if there has been a decline in the demand for our biscuits.

My hypothesis is that the decline has to be due to a decline in demand since a drop of this magnitude lasting for over 3 years comes mostly from a customer pull issue.

You're right. Analyse Demand.

Under Demand, there are 4 main segments I'd like to understand. Company, Competitors, Customers and Product.

Under company, factors like firm's goals, its competencies and strategies employed to achieve them. Under competitors, factors like nature of the market, market share and competitor competencies over us become important. Under customers, factors like consumer behaviour, values, demographics shall be analysed. Finally, under Product, the nature of the product is analysed to see if it meets customer needs and expectations. Is there any one segment you'd like me to analyse?

Why don't you look at competitors?

Sure. I'd like to understand how many competitors exist and how they have been performing in the last 3 years. More importantly, have any of their market shares increased in the last 3 years? Has there been a new entrant in the market?

Risk It for the Biscuit

Walkthrough

CASE TYPE

GROWTH

COMPANY

BCG

ROUND

PRINCIPAL

INDUSTRY

FMCG

DIFFICULTY

Great. There is one other competitor, Canolli Inc, that exists in the market. As you have identified correctly, their market share has been consistently growing.

Aha! I'd now like to pin point exactly why Canoli are able to attract customers better than us. Here, I'd like to look at Product, Price, Promotion and Place.

Product – Are they offering a superior Product?

Price – Is their price better?

Promotion - Are they marketing their product better? Is their publicity better?

Place – Are they available in more accessible and prominent channels/within the outlets?

Yes! Canolli inc offers a superior product because of the superior raw materials they use. Can you think of why the client hasn't done the same?

Sure! It might be because:

- 1) We don't have access to superior raw materials due to certain constraints
- 2) We have access, but can't maintain price competitiveness if we purchase them
- 3) We don't have the same supplier relations as our competitors do

Perfect. Canolli Inc sources its flour from the US and therefore has superior quality. We can't do the same. Why don't we now analyse methods to increase sales?

Sure. Since sales is equal to Number of customers x Revenue per customer. We shall try to increase both of them.

Under Revenue per customer, we can try to increase the volume per customer and/or the price charged per serving. Increasing the volume would involve loyalty programmes and incentives for larger purchases. Both volume and price increase are unlikely to happen since we have identified the problem as quality as compared to competitors.

Under Number of customers, we can try and increase customers through 4 methods. Target new customers in the same geographies, target new customers in different geographies, mimicking competitor quality to tap their customers, merge or acquire competitors. Targeting customers in different geographies is irrelevant since we are aiming at increasing sales in Gujarat. Replicating competitor quality too is irrelevant since we have understood that they source potatoes from the US.

Is there any possibility of merging/acquiring Canolli. Inc to increase sales?

There might be. What would you need to know to analyse if that would be the right decision?

Risk It for the Biscuit

Walkthrough

CASE TYPE
GROWTH
COMPANY
BCG
ROUND
PRINCIPAL
INDUSTRY
FMCG
DIFFICULTY

The following considerations would be important:

- 1) Willingness of both companies to merge
- 2) Our ability to acquire
- 3) Synergies
- 4) Public perception
- 5) Government permissions (Competitive laws, licensing requirements, etc.)
- 6) Compatibility of management styles and cultural fit

We have learnt that our client is unwilling to merge. All other factors seem to be in our favour. How would you determine if we can and should acquire Canolli Inc?

Our ability to acquire would primarily depend on the value of the Gujarat division of Canolli Inc. This value should be compared with the potential increase in sales due to the acquisition since we would then have a stronghold over the market. Thus, if the sales after acquisition justifies the price of acquisition and helps us achieve the 10% increase in market share, we should go ahead with acquisition, provided we can arrange the funds for the same.

Perfect. Thank you for your time. We can close the case here.

Risk It for the Biscuit

Framework

TURNAROUND STRATEGIES FOR ABC FOOD INC.

Clarifying Questions

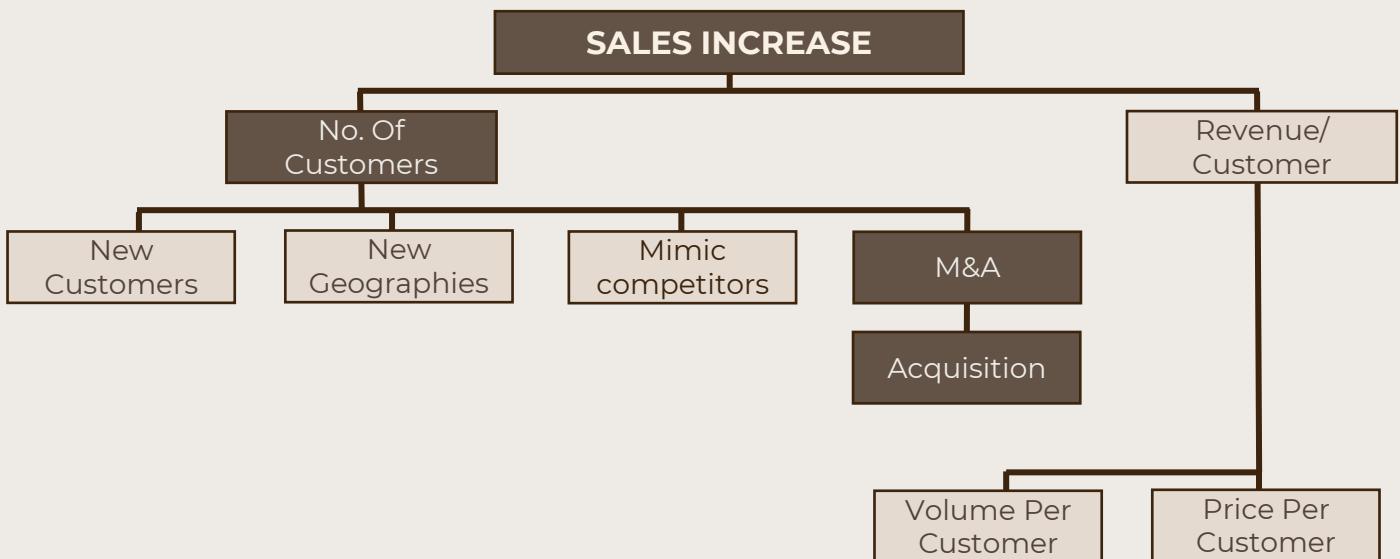
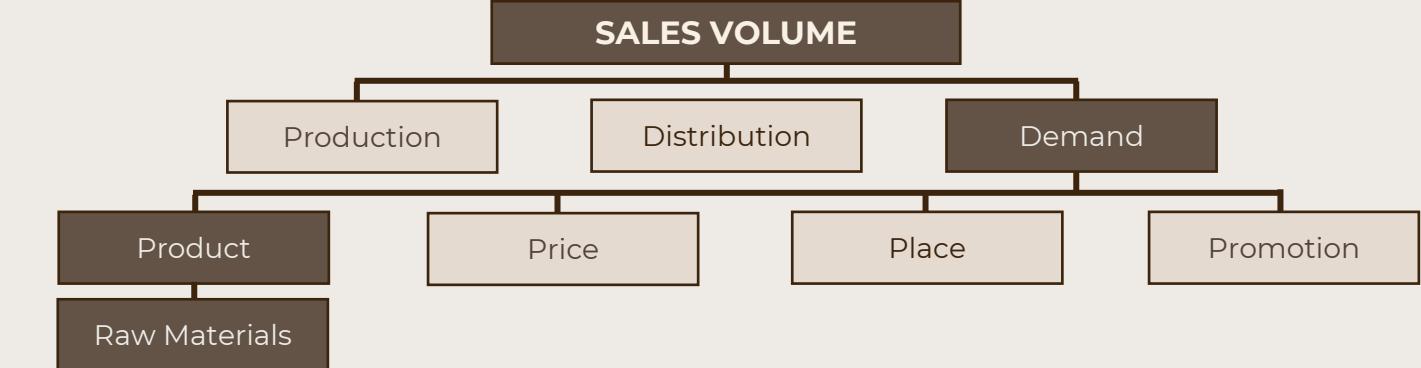
- Location of client
- Target growth percentage
- Segmenting decline geographically

Brownie Points

- Cultural fit as important consideration before merging or acquiring

Keep In Mind

- Attempts to increase sales must focus on existing weaknesses in the company to gain maximum growth



PRICING



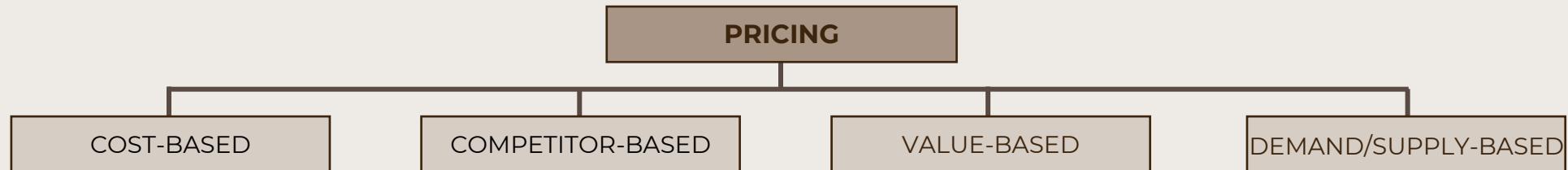
FRAMEWORK

Pricing problems typically require you to help determine the price of a product for a company. This product is, more often than not, an innovation or patented product that is being introduced for the first time. A typical problem would be – “Your client has introduced a new drink that helps cure balding. Help them develop an appropriate price for the product.”

Important preliminary questions you can ask in a pricing case:

- 1) What is the existing line of business of the company?
- 2) Familiarize yourself with the product/service and understand its qualities, lifecycle and other benefits
- 3) Understand the primary objective of the producer. Is it profits, market share etc.
- 4) When is the client planning to launch the product/service?
- 5) Understand the competitive landscape

While solving pricing cases, you can use 4 methods to arrive at the price of the product.



Cost-Based: The lower limit of the price you can charge.

Under this method, you identify the various costs associated with the product and arrive at the cost required to produce one unit. This sets the lower limit as any price below this would mean costs are higher than revenues leading to losses.

Note: The trick with this step is to estimate the appropriation of the fixed cost per product/service. It is always important to ask or what period or over how many products does the manufacturer want to recover their fixed costs. This would give us the fixed cost per unit

$$\text{Cost per product (lower limit)} = \text{Variable cost/unit} + \frac{\text{Total fixed cost}}{\text{Units in which fixed cost has to be recovered}}$$

FRAMEWORK

B) **Value-based:** The upper limit of the price you can charge.

In this method, you need to put your thinking caps on! The aim of this method is to estimate the maximum amount customers would be willing to pay for your product/service. The best way to do this would be to compare it to the substitutes the competitor might use to get the same level of satisfaction. For example – The price of a balding drink can be compared to the price that a customer would be willing to pay to buy a personalized wig, as they both cater to the same objective – The customer not looking bald anymore.

C) **Competitor-based*:** The range of the price you can charge.

Under this method, you need to compare the price competitors are charging for providing a similar product/service. This gives you a rough range of the price you can charge, since the aim is to be competitive.

Note: It is important at this step to differentiate between our product/service and that of the competitors. If we provide a better product with more features, we will be justified in charging a higher price.

*This method can be used only if competitors exist for the product/service.

D) **Demand-Supply-based:** An alternative method for pricing.

Also known as price-elasticity method, this method is really uncommon and can only be used if the interviewer has prior information regarding the various demand-supply points of the product/service.

The goal of this method is to choose the price point that maximizes either profits or revenues.

Refer to the case “Fly Me to the Moon” for a better understanding of this method.

Paint The Town Red

Walkthrough

CASE TYPE

PRICING

COMPANY

KEARNEY

ROUND

PARTNER

INDUSTRY

CHEMICALS



DIFFICULTY

Hey, let's begin with a quick case. Your client is a chemical and paints company. It has launched a new paint with a special feature – the paint lasts 3 times as long as normal paints. Though they are pioneers in paint development, they are unsure of how to price this product. You are required to help them.

Oh wow, that's interesting! I'd like to get a better understanding of the problem. Where is the company located? What is their primary objective with this product? Other than the fact that it lasts 3 times as long, is it the same as normal paints?

The company is located in India. They want to maximise profits. Yes, it is the same as normal paints in all other characteristics.

Okay. How long have we been in this industry and how have we done so far? I'm also assuming that no other competitor has a similar product?

Sure. We have been in the industry for 5 years and have a 25% market share. Yes, we are the only ones to have such a product.

Interesting. In that case, is the product patented?

Good question. Yes, it is.

I can think of four approaches to price the paint, a cost-based approach that would allow us to cover the basic costs, a competitor-based approach which would give us a benchmark, a value-based approach which would give us an indication on how much people will be willing to spend on our product and finally a demand-supply-based approach, if data is available.

Sure. You may proceed.

Let us begin with the cost-based approach. To develop this new type of paint, we must have incurred significant R&D expenditure. Do we have any information on the cost incurred?

Good question. You can say that we incurred an R&D expenditure of Rs 1 crore to develop this paint.

Do we know if there are variable cost additions, such as a special liquid that has to be added to every litre of paint? Also, do we have a time period or quantity by which we want to recover the R&D expenditure?

Sure. We incur an additional Rs. 10,000 for every 100 litres of paint manufactured. We would want to recover the fixed investment within the first 50,000 litres of paint sold. All other costs are similar to normal paints.

This gives us an additional variable cost of Rs. 100 (Rs. 10,000/100) per litre manufactured.

According to me, an average litre of paint costs Rs. 350. I am not too familiar with the industry. Is it okay to assume that the margin is 15% in the industry?

Paint The Town Red

Walkthrough

CASE TYPE

PRICING

COMPANY

KEARNEY

ROUND

PARTNER

INDUSTRY

CHEMICALS



DIFFICULTY

Fair assumption.

That gives us the cost to make 1 litre of paint as approximately Rs. 300. Adding the additional variable cost of Rs. 100, we arrive at a total variable cost of Rs. 400. We also need to recover the R&D expenditure within 50,000 litres. Rs. 1,00,00,000 divided by 50,000 gives us an additional Rs. 200 to be recovered. That brings our total cost to Rs. 600/litre. This sets the lower limit that we can charge for the product.

Great. What next?

We cannot do competitor-based pricing since we are the only manufacturers of this type of product. However, since very similar products exist, we can do a simple conversion to see the approximate price if a competitor existed. Since a one-time use of the paint costs Rs. 350/litre, we would need to use the normal paint 3 times over a given time frame to achieve the same results. This gives us a cost of $Rs. 350 \times 3 = Rs. 1,050$. We also need to consider the labour costs of applying the paint two more times. Assuming an average of around Rs. 25/litre (The average painter makes Rs. 750 per day of work and applies about 30 litres of paint in this duration). We get $Rs. 25 \times 2 = Rs. 50$ as the additional labour cost. This gives us an approximate cost of Rs. 1,100. This amount is an approximate benchmark for the price we can charge. We, however, need to keep in mind the time value of money.

Good. You can proceed.

Next, in the value-based approach, I would try to understand the monetary value attached to a product like this by consumers.

Let us compare this to a similar product, pens. When companies came out with pens that lasted twice as long, customers were willing to spend around 1.5 times the amount they would spend on an ordinary pen. Keeping the same logic in mind, a paint that last 3 times as long, would be valued twice as much by customers. This is done keeping in mind the following points – The time value of money and a larger investment right now would seem undesirable and the fact that preferences change with time. Also, choosing a paint colour for three times the duration might be too long-term of a decision to make. Thus, a 2x multiple of the normal cost of Rs. 350 gives us Rs. 700/litre.

Do we have any information on demand/supply variables?

No, we do not. You can sum up the case here. Good job!

(Conclusion on the next page)

Paint The Town Red

Framework & Recommendations

PRICING THE PAINT

Clarifying Questions

- Product specifications?
- Whether patented?
- Existence of any other features?

Brownie Points

- Taking into account labour costs for additional use
- Choosing a paint for 3 times as long is a huge commitment

Keep In Mind

- Cost-based pricing gives us the lower limit while value-based gives us the upper limit

COST BASED

COMPETITOR-BASED

VALUE BASED

DEMAND-SUPPLY BASED

Cost Based

(Per Litre)

Base Cost = ₹300

Additional Variable Cost = ₹10,000

$$\begin{aligned} 100 \\ = ₹100 \end{aligned}$$

Fixed Cost Recoveries = ₹1,00,000

$$\begin{aligned} 50,000 \\ = ₹200 \end{aligned}$$

Total Cost = ₹600/litre (Minimum Price)

Value Based

Duration = 3x

Value = 2x

Reason:

- Long-Term Decision
- Time Value Of Money

Total Price = ₹350 x 2

= ₹700/litre (Maximum Price)

Price

Rs. 600 ≤ Price ≤ Rs. 700

Recommended Price = ₹675/L (Profit of ₹75)

RECOMMENDATIONS

- Based on the methods used so far, we have got a lower limit of Rs. 600/litre and an upper limit that consumers would be willing to pay of Rs 700. My recommendation would be to charge Rs. 675/litre ensuring we make a profit of Rs. 75/ litre (Rs. 25 more than industry average) and since it is lower than the maximum value attached by customers, we should be able to generate sufficient demand too.

Raise the Bar

Walkthrough

CASE TYPE

PRICING

COMPANY

KEARNEY

ROUND

PRINCIPAL

INDUSTRY

FITNESS

DIFFICULTY

Your client is a fitness company. They are planning to set up a gym in the North Campus area of New Delhi. They would like your help in deciding the monthly subscription rate.

Does the fitness company own other gyms as well or is this going to be their first one? Why have they selected the North Campus area?

This is their first gym. They are looking to target the student crowd in the campus area. There is only one other gym in the area so they believe they can make good money in this location.

Sounds good. I would like to know a little more about the gym now. How big is it going to be? What are the other services it will offer (personal trainer, protein supplements, etc.)? How long will it be open for every week?

The gym is going to be a one-stop solution for all fitness freaks. There will be a cardio area, a weight-training section and a yoga room. The gym can accommodate up to 40 people at once. Personal training will be available to those that require it. The company is also planning to set up a health café which will serve shakes, eggs, etc. at cost. This facility is not there in the competitor's gym. The gym will be open from 5 AM – 10 PM on all days of the week.

Okay. Lastly, what is our objective when it comes to deciding our monthly subscription? Is it to make profits? Capture market share?

The company is looking to make maximum profits.

Got it. I would like to divide my approach into:

- 1) Cost-based approach – Here, we will estimate the cost of running the gym and calculate how much the subscription should be in order to break even. This will give us the minimum level at which we can set the monthly subscription.
- 2) Value-based approach – Under this, we will look at the value we are adding to our customer's life. We will estimate how much customers would be willing to shell out for the service. This will give us the maximum level at which we can set the monthly subscription.
- 3) Competition-based approach – The monthly subscription has to be competitive with that of the other gym.
- 4) Demand-supply approach – If we have data available as to the demand and supply at different price points, this approach will be useful.

We don't have information on the demand and supply at different price points. You can proceed with the other 3. Why don't you start with the cost-based approach? What information will you need?

Sure. We need to know the cost we will be incurring in setting up the gym and running it. The various costs will include equipment cost, financing costs, monthly rent, trainer and other staffing costs, electricity and lighting, etc. We will also need the life of the equipment so that we can allocate the cost across this period.

Raise the Bar

Walkthrough

CASE TYPE

PRICING

COMPANY

KEARNEY

ROUND

PRINCIPAL

INDUSTRY

FITNESS



DIFFICULTY

Okay. You can note down the following information:

Equipment	Life (years)	Cost/piece (Rs)	Number of pieces
Treadmills and cycle machines	10	18,000	8
Weight-training machines	16	40,000	24
Dumbbells, plates, etc	8	1,000	48

All other costs come up to Rs. 1,13,300 every month.

After some calculations, I have arrived at the following table (*on next page*) which gives us the monthly cost we will be incurring:

The total monthly expenditure is Rs. 1,20,000. Next, we must estimate the number of subscriptions we can get.

We recently conducted a survey. The results indicate that we can get around 80 students to join our gym.

Excellent. Cost-based monthly subscription = Total monthly cost/Number of subscriptions
Using this formula, we arrive at a monthly subscription of Rs. 1,500.

Great.

Next, we can look at value-based pricing. The primary motivation to join a gym is to get in shape and look better. Students alternatively spend on good clothing and footwear to look better. They would probably go shopping once in 3 months and spend about Rs 12,000 when they do. This means they would be willing to spend up to Rs. 4,000 per month for a similar objective. However, working out is not sufficient. They must also maintain a healthy diet while hitting the gym which costs about Rs. 1,000. We can deduct this cost from Rs. 4,000 which customers are otherwise willing to spend on a gym. This means our customers will be willing to spend about Rs 3,000 per month. Lastly, we can look at how much the other gym in the area charges. Also, what are the differences in the offerings of both gyms?

Sounds good. The other gym charges Rs. 1,800. However, our gym will have a more accessible location. In addition, our gym has a yoga room and health café which the other gym lacks.

Interesting. Our customers should be willing to pay Rs. 200-300 more to enjoy the better location and facilities. Therefore, it seems reasonable to price our service at about Rs. 2,000 per month.

Makes sense. We seem to have covered everything. Thank you!

Raise the Bar

Framework

MONTHLY SUBSCRIPTION RATE OF A GYM

Clarifying Questions

- Why north campus?
- What are the services offered by the gym?

Brownie Points

- Comparing working out and buying good clothes as they help attain a similar objective – looking better!

Keep In Mind

- Value-based pricing can be tricky. It is up to your creativity to calculate how much value a product or service adds to the customer's life.

MONTHLY SUBSCRIPTION



TOTAL MONTHLY EXPENDITURE

Equipment	Life (years)	Cost/piece (Rs.)	Number of pieces	Total cost (Rs.)	Number of months	Cost/month
Treadmills and cycle machines	10	18,000	8	1,44,000	120	1,200
Weight training machines	16	40,000	24	9,60,000	192	5,000
Dumbbells, plates, etc	8	1,000	48	48,000	96	500
Other costs						1,13,300
Total						1,20,000

Chasing Cars

Walkthrough

CASE TYPE

PRICING

COMPANY

KEARNEY

ROUND

PARTNER

INDUSTRY

AUTOMOBILE



DIFFICULTY

Your client is a car rental agency located in Mumbai. They have recently purchased a Mercedes E-Class available in the market for Rs. 50 Lakh. The CEO would like your help in determining the monthly rental it should charge its customers.

Interesting. Can I assume the business model to be similar to Orix's, wherein the customer bears the cost of fuel and car wash while the client is responsible for the remaining costs?

Yes.

Great. I would like to know how old the agency is and what the distribution model they follow is?

The agency is 10 years old. They have one showroom where the customer can pick up the car of his/her choice and return it after use. The customers are charged on a monthly basis.

It seems to me that the agency primarily deals with luxury cars. Is it the only such agency in the city?

Yes, that's a fair assumption.

Okay. In that case, I would like to look at two things. First, I will estimate the costs that the agency will have to recover by leasing out the Mercedes. Subsequently, drawing from my own experiences, I will see if customers would be willing to pay this amount. This will help us determine the viability of the market as well, given that we are the only existing player.

Makes sense. Let's go ahead with this approach.

Great. Under the cost-based approach, I am looking at direct costs such as the cost of the vehicle, amount paid for insurance and certifications and lastly, the costs incurred in lieu of servicing and maintenance. Indirect costs would involve the cost of running the agency such as office and employee costs.

Since we are a rental agency with multiple cars, I believe we can purchase the car at about Rs. 45 Lakhs, i.e., at a 10% discount. Assuming a scrap value of about Rs. 10 lakhs, it gives us a sum of Rs. 35 lakhs to be recovered over about 10 years. Taking annual insurance premium and certifications to be about 3% of the on-road price, this gives us an additional Rs. 1.5 lakhs we must recover. The agency will also have to get the car serviced at least twice a year and it'll cost them about Rs. 15,000 each time. This gives us a total of Rs. 5.3 lakhs in direct costs. Now, let's move on to the indirect costs.

Before we do that, let's think of any costs that we may be missing.

I seem to have missed the cost of financing the car. Can I assume that the car has been purchased on an EMI basis at an interest of about 10% per annum?

Chasing Cars

Walkthrough

CASE TYPE

PRICING

COMPANY

KEARNEY

ROUND

PARTNER

INDUSTRY

AUTOMOBILE



DIFFICULTY

Perfect. Let's assume the annual interest to be about Rs. 5 lakhs and indirect costs to be about 15% of the direct costs.

Alright. So we have Rs. 10.3 lakhs in direct costs and about Rs. 1.5 lakhs in indirect costs that we will have to recover. This gives us about Rs. 12 lakhs annually. Since it is a luxury car with limited demand in India, how many months in a year do we expect to lease the car out?

Good point. Let's say the car is leased out for 6 months.

Okay. So the company will have to charge customers more than Rs. 2 lakhs per month.

I would now like to see if customers would be willing to pay this amount. The alternative to renting a luxury car would be to hire a premium taxi. A working individual will travel about 25 days a month and take 2 trips on each of these days. Each trip of about 15 kilometres will cost the individual about Rs. 2,000. This gives us a sum of Rs. 1 lakh per month. Adding a convenience premium of about 30% for the convenience and status offered by rentals, we arrive at a value of Rs. 1.3 lakhs. This is significantly lower than the amount we would like to charge our customers. Additionally, customers will also be required to bear the expenses of fuel, a driver, car wash and parking, which is a hassle. This does not seem to be a viable market for the agency. We can perhaps explore alternate opportunities such as launching premium cab services or leasing it out on a per-day basis.

That won't be necessary. We can stop the case here. I liked your approach.

Chasing Cars

Framework & Recommendations

MONTHLY CAR RENTAL

Clarifying Questions

- What is the company's distribution model?

Brownie Points

- Benchmarking the car rental service with a premium cab service.

Keep In Mind

- It is okay to make your own assumptions. However, it is important to get the interviewer's approval on them.

COST-BASED

SUBSTITUTE-BASED

VALUE BASED

DEMAND-SUPPLY-BASED

Cost Based

Direct Costs

$$\text{Depreciation} = \frac{\text{Purchase Price} - \text{Scrap Value}}{\text{Number Of Years}} = \frac{\text{₹}45\text{L} - \text{₹}10\text{L}}{10} = \text{₹}3.5\text{L}/\text{Year}$$

$$\begin{aligned}\text{Insurance Premium} &= 3\% \text{ of On-Road Price/Year} \\ \text{& Certifications} &= 3\% \text{ of ₹}50\text{L} \\ &= \text{₹}1.5\text{L}/\text{Year}\end{aligned}$$

$$\text{Service Cost} = \frac{\text{Number Of Services}}{\text{Year}} \times \frac{\text{Cost}}{\text{Service}} = 2 \times \text{₹}15,000$$

$$\text{Interest} = \text{₹}5\text{L}/\text{Year}$$

$$\text{Total Direct Costs} = \text{₹}10.3\text{L}$$

Indirect Costs

$$\text{Total Indirect Costs} = 15\% \text{ Of Direct Costs} \cong \text{₹}1.5\text{L}/\text{Year}$$

$$\text{TOTAL COST} \cong \text{₹}12\text{L}/\text{Year}$$

$$\text{Number Of Months Per Year That The Car Is Leased Out For} = 6$$

$$\begin{aligned}\text{Monthly Rental} &= \frac{\text{Annual Cost}}{\text{No. Of Months}} \\ &= \frac{\text{₹}12\text{L}}{6} \\ &= \text{₹}2\text{L}\end{aligned}$$

Substitute-Based

$$\text{Monthly Cost} = \frac{\text{Number Of Trips}}{\text{Day}} \times \frac{\text{Trips}}{\text{Trip}} \times \frac{\text{Cost}}{\text{Trip}} = 25 \times 2 \times \text{₹}2,000 = \text{₹}1\text{L}$$

$$\text{Convenience Premium} = 30\% \text{ Of Cost} = \text{₹}30,000$$

$$\text{Total Value} = \text{₹}1.3\text{L}$$

RECOMMENDATIONS

Explore alternate opportunities:

- Introduce premium cab services
- Lease the car out on a per-day basis

Fly Me to the Moon

Walkthrough

CASE TYPE

PRICING

COMPANY

PWC-STRATEGY&

ROUND

PARTNER

INDUSTRY

TOURISM



DIFFICULTY

Hey, let's begin with a quick case. Your client has come up with a one-of-a-kind space jetpack. Its utility? It takes you straight to the moon in 30 minutes! He wants to know how much he should charge for this service.

Oh wow, that's interesting! How many such jetpacks does the client have? Where is the client located and what is his background?

He has 1 jetpack that he has invented. Due to scarcity of Zinotium (a newly discovered element only available on Jupiter), he will not be able to make any more. He is located in Las Vegas, Nevada. He is an engineer by profession.

Okay. What exactly is his primary objective with this service? I would also like to understand the service a little better.

Sure, he wants to maximise his profits. It is a one-person activity. The individual would strap in, be taken to the moon in 30 minutes, get to spend 30 minutes on the moon and be brought back in another 30 minutes.

Great. I also want to understand certain constraints better – Do we have the required permissions? Is it possible only during certain times of the day - depending on the position of the moon? Are there any other requirements such as oxygen masks?

Assume we have all the permissions. Assume all other logistical problems are solved. He just needs to know how to price it.

Sure. Is the product patented? Are there any organisations providing similar services?

Yes, it is patented. No competition exists.

There are four approaches to price the service: A cost-based approach that would allow us to cover the basic costs, a competitor-based approach which would give us a benchmark, a value-based approach which would be based on what our service is worth to our customers and finally, a demand-supply-based approach, if data is available.

Sure. You may proceed.

Starting with the Cost-based approach, I would like to know the cost incurred by the engineer in developing the product. I would also require the per-trip variable cost associated with the service. Lastly, I also want to know the timeframe within which he would like to recover the cost.

Sure. He has incurred \$1 Billion to develop the product. He pays an additional cost of \$770,000 for every trip on fuel and other variable costs. This product uses a special metal which will lose its quality in 5 years, post which he will not be able to provide the service anymore. He wants to recover the fixed cost, assuming he works at 50% capacity in the next 5 years.

To calculate the number of trips he can undertake in the next 5 years, I would also require information regarding the turnover time between two trips, the number of hours he works in a day and the number of days he will work in a year.

Fly Me to the Moon

Walkthrough

CASE TYPE

PRICING

COMPANY

PWC-STRATEGY&

ROUND

PARTNER

INDUSTRY

TOURISM

DIFFICULTY

Good question. There is a turnover time of 30 minutes to set up the jetpack after one use. He plans to work 10 hours a day for 350 days in a year.

(Calculation on next page) That gives us a total of 1750 trips/jetpack he can conduct in a year. In 5 years, he will be able to conduct 8750 trips/jetpack. In 4375 trips (8750 trips/2), he will be required to recover his fixed investment of \$1 Billion. This gives us an approximate amount of \$230,000 per trip. Adding the variable cost of \$770,000, we get a total cost of \$1,000,000 per trip/jetpack. This sets the lower limit of the price we can charge from a customer.

Sure. You may continue.

In the absence of competitors, we will not be able to carry out competitor-based pricing.

To continue with value-based pricing, we need to be able to think of a service or an experience that is similar to travelling to the moon. Unfortunately, no once in a lifetime experience or travel would be equal to visiting the moon. Hence, value-based pricing would be difficult.

Finally, do we have any data on Demand-Supply points for this service?

Yes, we do. You may note down the following data:

At a price of \$1.2 Million, he will operate at 80% capacity

At a price of \$1.6 Million, he will have operate at 60% capacity

At a price of \$2 Million, he will have operate at 50% capacity

That's interesting! We get the following profits in the three cases (Calculation on next page)

Case 1: Price of \$1.2 Million and capacity of 80%; Profits = \$2.01 billion

Case 2: Price of \$1.6 Million and capacity of 60%; Profits = \$3.35 billion

Case 3: Price of \$2 Million and capacity of 50%; Profits = \$4.38 billion

Given the 3 data points, we should go ahead with the price of **\$2 billion per ride** as it gives us a profit of **\$4.38 billion**. This is also above the lower limit of \$1 million per ride that we arrived at through the cost-based method.

Brilliant. We can close the case here.

Fly Me to the Moon

Framework

SPACE JETPACK

Clarifying Questions

- Existence of patent and competition
- Details about the service
- Time taken for one trip

Brownie Points

- Breaking down the entire problem mathematically and ensuring no calculation errors
- Insights on why value-based methods would not work

Keep In Mind

- While calculating the price elasticity method, be sure to calculate profits and not revenues, since it is profits that we want to maximize



Cost Based

$$\begin{aligned}\text{No. Of Trips In A Year} &= \text{No. Of Trips In An Hour} \times \text{No. Of Hours Worked In A Day} \times \text{No. Of Days Worked} \\ &= 0.5 \times 10 \times 350 \\ &= 1750 \text{ trips/year}\end{aligned}$$

$$\text{In 5 years, at 50\%} = 4375 \text{ trips}$$

$$\text{Total Cost} = \frac{\$1,000,000,000 + \$770,000}{4375} = \$230,000 + \$770,000$$

$$\text{Cost} = \$1 \text{ Million (Lower Limit)}$$

Price Elasticity Method

$$\boxed{\text{Profits} = \text{No. Of Rides} \times \text{Profit/Ride} - \text{Fixed Costs}}$$

CASE 1: Price: \$1.2 Million (Capacity = 80%)

$$\text{Profits} = [8750 \times 80\%] \times [\$1,200,000 - \$770,000] - \$1 \text{ billion} = \$2.01 \text{ billion}$$

CASE 2: Price: \$1.6 Million (Capacity = 60%)

$$\text{Profits} = [8750 \times 60\%] \times [\$1,600,000 - \$770,000] - \$1 \text{ billion} = \$3.35 \text{ billion}$$

CASE 3: Price: \$2 Million (Capacity = 50%)

$$\text{Profits} = [8750 \times 50\%] \times [\$2,000,000 - \$770,000] - \$1 \text{ billion} = \$4.38 \text{ billion}$$

UNCONVENTIONAL



FRAMEWORK

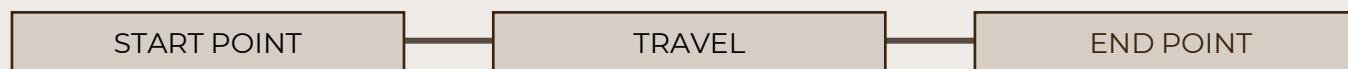
Unconventional cases generally can not be fit into any of the frameworks we have studied so far. These cases are generally open-ended and have multiple ways of being structured. Most unconventional cases do not have a particular solution like Profitability cases do. An example of an unconventional case would be – “You are required to improve the literacy rate of your state.” As you can see, this case focuses on how creative you can be and how broad your framework can be to incorporate maximum point. There is no one solution in this case.

Things to keep in mind in unconventional cases:

- 1) Try to break the problem into a mathematical formula whenever possible
- 2) Aim at looking the problem in 2 ways – quantitatively and qualitatively
- 3) If the case is really broad, try asking the interviewer if you can focus on only the most important bucket
- 4) Bucketing helps massively in unconventional cases
- 5) Never begin an unconventional case structure without ensuring you’re familiar with the problem or the industry; ambiguity can be your biggest enemy

Some examples of common unconventional cases and how you can approach them –

A) Journey or time-related problems – Calculate the total time taken at each step of the journey to isolate the problem



B) Process-related problems with regards to a particular goal – E.g. Help India win the next Cricket World Cup



C) Increasing footfall at a particular event – E.g. Increase the footfall of a concert in Delhi



Keep in mind, these are suggestive and have to be modified depending on the case. The best way to improve is to keep practicing.

Make India Great Again

Walkthrough

CASE TYPE

UNCONVENTIONAL

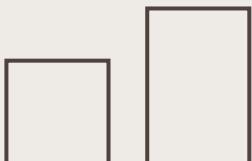
COMPANY

DALBERG

ROUND

PARTNER

Most unconventional cases don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

You're a politician in India and your objective is to increase the number of people who vote in the next municipal election, how would you go about it?

Interesting. I would like to begin by understanding how far we are from the next election and whether we have a specific objective in mind.

You can assume the election takes place in a week and the only objective is to increase the number of people who show up to cast a vote.

Got it. We can look at this situation by:

Number of people who vote = Eligible population * % who want to vote * % who are able to vote

Given that we only have a week left for the elections, we can't change the eligibility for voting because issuing of voter ID cards takes time.

Correct, you can look at % who want to vote first and then move on to the next one.

Sure. Is it fair for me to assume that this politician has substantial power to implement changes? Example - policy changes?

Yes, you can assume that he does.

Under willingness, we can look at:

- 1) Awareness - With the right amount of funding, multiple ad campaigns can be run to draw voters
- 2) Number of voting centres – They must be located in convenient areas
- 3) Counters per voting centre - In order to reduce the time taken per person, the number of booths can be increased. Additionally, EVMs can be used to reduce turnover time
- 4) Amenities - At every voting booth, drinking water must be available in addition to a waiting area, washrooms, etc.
- 5) Anonymity - Anonymity of every vote must be ensured to guarantee safety of voters

Anything else you would like to look at under willingness? Else, we can move to the % that can vote

I think we can move to the second part. Under Ability, we can look at:

- 1) Timings - The number of hours within which one can vote can be increased and optimum timings can be chosen
- 2) Day chosen - If a weekend is chosen, it would be convenient for working professionals to vote
- 3) Disability-friendly - Wheelchair facilities, ramps, etc. can be ensured so disabled and elderly people are able to cast their vote
- 4) Incentives - Companies must be encouraged to give people an off if they can prove they are voting and monetary incentives can also be implemented.
- 5) Day care facilities - Free day care facilities for one day can be implemented to enable people with children to vote.

Great. We can close the case now.

Make India Great Again

Framework

INCREASING THE NUMBER OF VOTES CAST

Clarifying Questions

- When is the next election?
- How much power does the politician have?

Brownie Points

- Ensuring anonymity to guarantee safety
- Not considering eligibility given the timeline

Keep In Mind

- It is important to scope the problem. In this case, it was determined by the power of the politician and the timeline of the elections.

NUMBER OF PEOPLE WHO VOTE

Eligible Population

% Who Want To Vote

% Who Are Able To

Awareness

Number of voting centres

Counters per voting centre

Amenities

Anonymity

Day Care Facilities

Timings

Day Chosen

Disability-Friendly

Incentives

Mo Money, Mo Problems

Walkthrough

CASE TYPE

UNCONVENTIONAL

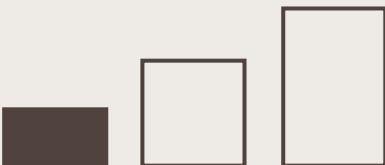
COMPANY

DALBERG

ROUND

BUDDY

Most unconventional cases don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

Let's begin with a case. Your client is the Government of India. They have approached you to help increase the number of digital transactions in the country.

Interesting. Do they have a target as to how much they want to increase digital transactions by and in what time frame? Are there any budgetary or other constraints we must keep in mind?

They want to increase it by as much as possible in the next 6-12 months. There are no constraints.

I also want to clarify what we mean by digital transactions. Are we referring to NIFT, RTGS, Card, UPI and e-Wallet payments?

Precisely.

Okay, there's a lot we can do. I'd like to break down the problem using the following formula:

$$\text{Number of digital transactions} = \text{Number of people transacting digitally} * \text{Number of digital transactions/person}$$

First, we can look at ways in which we can bring more people to try digital payments. Next, we can look at increasing the number of transactions they perform digitally.

In order to increase the number of people, we can look at Need, Awareness, Accessibility, Affordability and Experience.

Sure, I'm interested to see the suggestions you come up with.

First, it is important to establish a need for digital modes of payment. In order to do this, the government can consider passing laws to make digital payments compulsory in certain cases, for example, payments larger than Rs. 20,000 can't be made in cash. One advantage of digital payments is the fact that there is no problem of loose change. Maybe the government can cut the flow of currency notes of low denominations in the system and nudge people towards digital transactions.

Moving on to Awareness, the Government can look at two things – Advertisements and a Prominent Presence. The advantages of digital transactions can be marketed to the people through television ads, hoardings, etc. A drive can be conducted to get more shops, including those in rural areas, to introduce digital payment options so that more people know about these platforms. This should first be implemented in all government undertakings including post offices, ration shops, etc.

Accessibility is of utmost importance when it comes to digital transactions. Most of these payments require a bank account. So, the option of creating zero-balance bank accounts must be pushed to the citizens. Since smartphones and the internet still have limited penetration, the government must simultaneously push this as well.

Mo Money, Mo Problems

Walkthrough

CASE TYPE

UNCONVENTIONAL

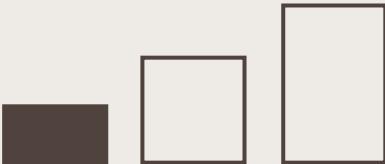
COMPANY

DALBERG

ROUND

BUDDY

Most unconventional cases don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

However, 6-12 months may not be enough to do this. Therefore, we can look at creating an alternative, say, a feature on BHIM where payments can be made by purchasers simply by giving their UPI ID and an OTP.

Most digital payment platforms like Google Pay and PayTM are free for users. However, an attempt can be made to reduce debit and credit card charges across the country. Subsidised smartphones and data plans will also contribute to the cause.

Under experience, I would like to look at two things – Establishing trust and building a seamless experience. It must be reinforced to citizens that digital transactions are safe. This can be done through publicity, public assurances, etc. Linking this to other consumer welfare programs, we can ensure adequate compensation in case of any mishandling of money by vendors or payment intermediaries.

This seems very comprehensive. Is there anything else you would like to touch upon?

Yes, we are still left with the task of increasing the number of transactions per person. This can be done through increasing the acceptability of digital transactions, incentivising higher volume of transactions and increasing utility. Under acceptability, it should be ensured that digital payments are accepted by more and more vendors. For example, electricity bills and gas bills should allow UPI payment. Laws can also be eased for cross-country digital transactions. Under incentives, platforms can offer cashbacks, loyalty bonuses, etc. Payment platforms can also offer other services like expense management, bill splitting, etc.

Excellent! The Government thanks you for your help.

Mo Money, Mo Problems

Framework

INCREASE THE NUMBER OF DIGITAL TRANSACTIONS IN THE COUNTRY

Clarifying Questions

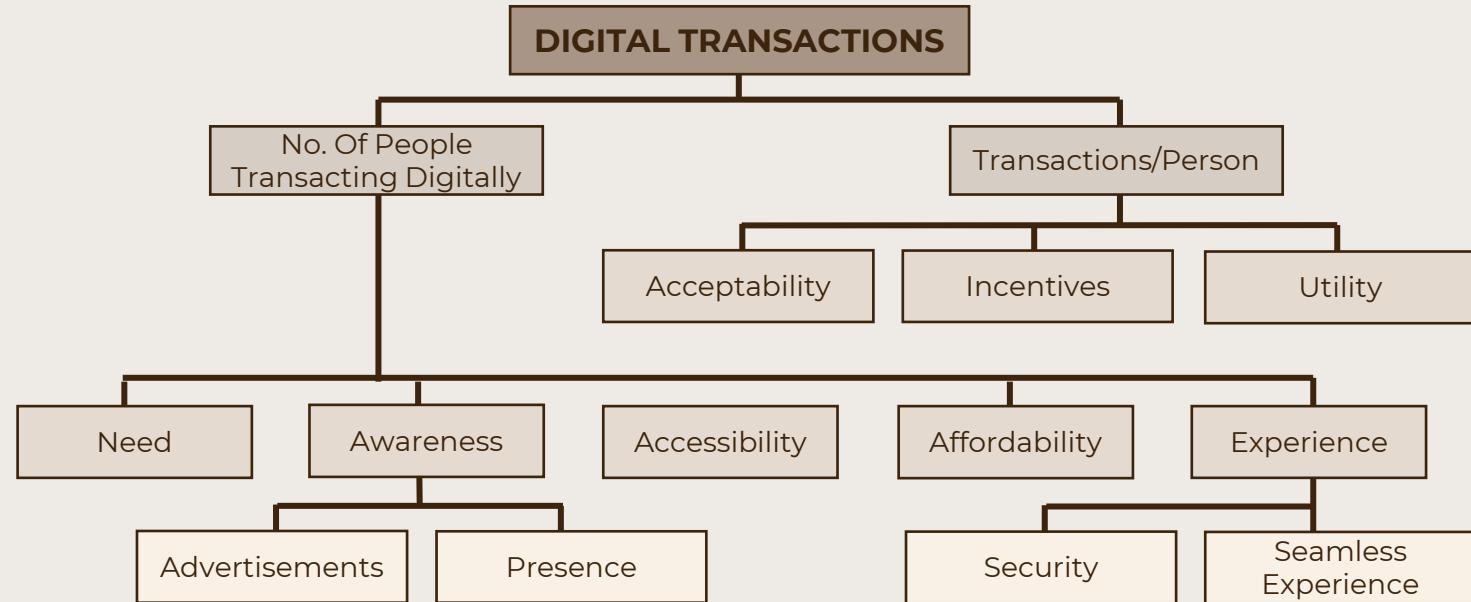
- What are digital transactions?
- What constraints are we operating under?

Brownie Points

- Reducing currency of small denominations in the system
- Adding utility to applications by introducing bill-splitting and expense management

Keep In Mind

- A strong overall structure makes the solution easier to visualize



Gold Digger

Walkthrough

CASE TYPE

UNCONVENTIONAL

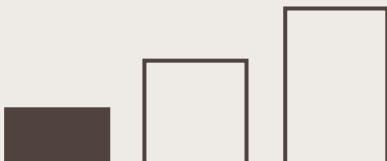
COMPANY

KEARNEY

ROUND

MANAGER

Most unconventional cases don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

Hey. Your client is the Ministry of Sports under the Government of India. It has been concerned with India's performance in the track and field events in the Olympics. It has hired you to come up with a plan of action to improve India's performance and increase the number of gold medals in the Olympics.

Interesting. I'd like to understand the problem a little better. What do we mean by improving performance? How many medals does it want to increase its tally to? Finally, what is the time horizon to achieve the same?

Sure. Improving performance would basically mean increasing its gold medal tally. Let us say that the number it wants to reach is 5 gold medals. It would like to achieve this in the 2026 Olympics.

Forgive me, but isn't the Olympics scheduled to take place in 2024 and then 2028?

Great catch! You're right. Let's proceed with the 2028 Olympics (Interviewers often check how aware you are of certain sectors and whether you accept everything at face value).

Great. So that gives us 7 years to achieve the same. Lastly, I'd like to know if we have any constraints?

No, we don't. You can proceed with your approach.

I believe there will be roughly three phases of implementation in order to achieve our goal. This would be the 'preparatory' stage, 'during the event' stage and 'post event' stage. The preparatory stage would be the most important. I'd like to divide this into resources and implementation. Under resources, I'd like to look at quality of athletes, infrastructure, equipment and the support staff. Various factors such as how the athletes will be selected, how many, by whom and by when can be looked at. Under implementation, I'd look at how to best use the resources we have to make the most out of them. Direct efforts like training programmes, team co-ordination and chemistry and familiarity with conditions. An important consideration would be acclimatising the athletes to the conditions in the host country by arranging a trip a year before the Olympics. Indirect efforts like research and analysis of other teams, internal motivational schemes and so on can also be looked at.

Great. What about during and post the event?

In the 'During Event' phase, I'd like to look at opponent strategy, game day strategy, scheduling and motivation. Opponent strategy would involve analysing individual teams and athletes and developing different strategies against different teams. Game day strategy would involve proper hydration and rest of athletes as well as motivation before their respective events. Achieving results that would ensure facing tougher opponents in the latter stages of the competition. The Sports ministry can also lobby to ensure that the schedule and travel requirements of the Indian athletes are not too strenuous. Lastly, we can also subsidise and encourage Indians from our home country as well as in the host country to visit the stadium during the events. This ensures constant cheering and additional motivation at the stadium. 'Post event' would relate to incentives that exist in case the athletes are able to bring medals. For example, cash bonuses, national level sports awards and even stadiums and grounds named after the athletes. Attempts should also be made to provide sufficient rest before training them for the next Olympics.

Great. I like that you also looked at preparing for the Olympics after the one in question too. We can end the case here. The GOI thanks you.

Gold Digger

Framework

INCREASE THE GOLD MEDALS TALLY TO 5

Clarifying Questions

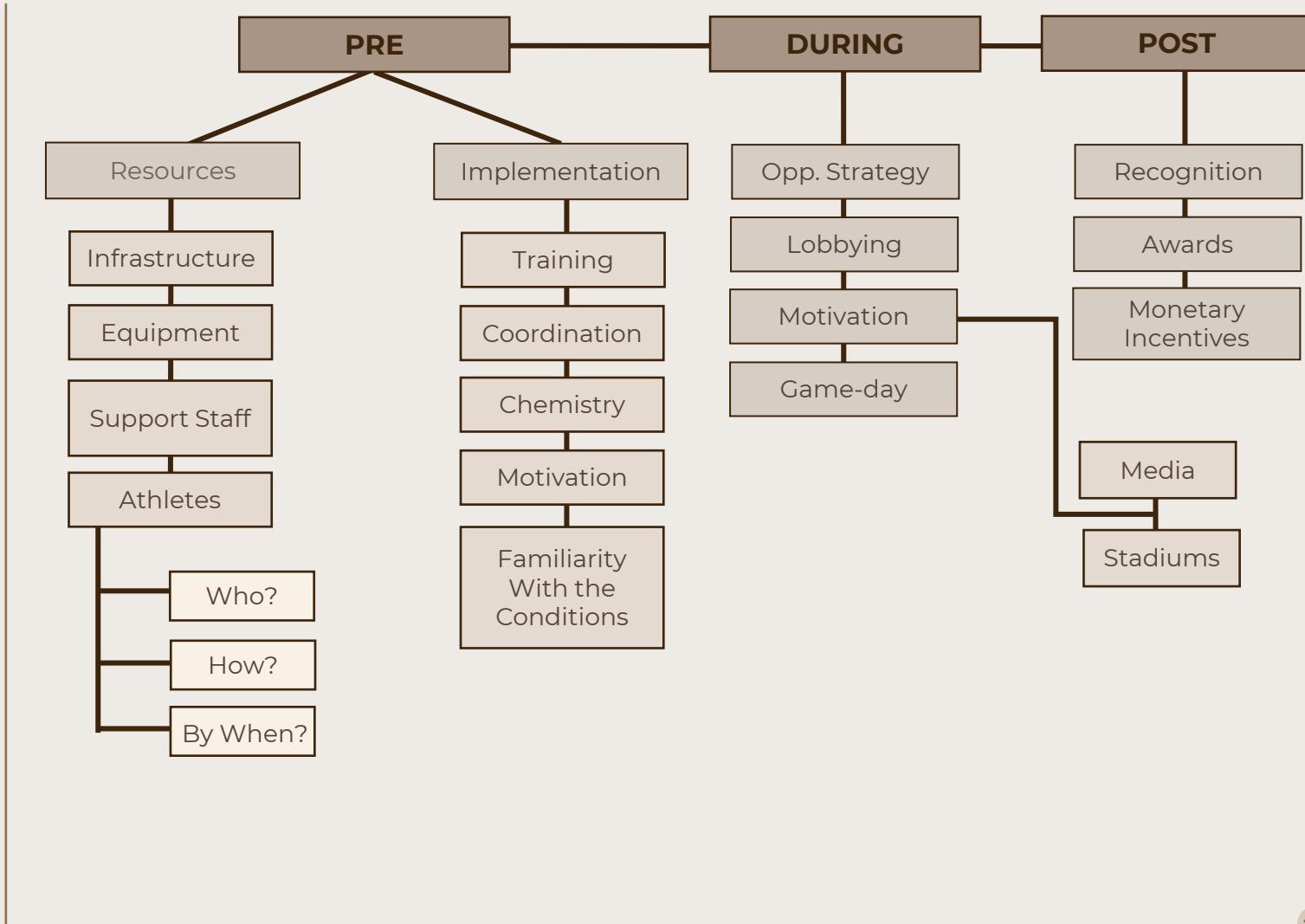
- What does improve performance mean?
- Time frame to achieve results?

Brownie Points

- Catching the interviewer's trick question and providing the correct information
- Planning ahead for the next Olympics as well

Keep In Mind

- In a very open-ended case, try to have at least 3 layers of structuring. Interviewers often suggest cases post discussion with you on your favourite subjects.



Rating Neil, Nitin and Mukesh

Walkthrough

CASE TYPE

UNCONVENTIONAL

COMPANY

KEARNEY

ROUND

PRINCIPAL

Most unconventional cases don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

Hello. We need to develop an online portal to rate actors and actresses in Bollywood. Develop a framework to rate them.

May I know the purpose behind rating these actors and actresses? This will help me come up with relevant parameters to include in the framework.

The portal will be for the general public who follow the industry. Think of it as an IMDB for actors and actresses.

Got it. Should we also look at how the portal will be set up? Whether it will be an app or a website? What permissions we will need to obtain, etc.?

That will not be necessary. We are only interested in the rating framework.

Okay. My approach would be to first list the relevant parameters that the artists will be judged on. Next, we can assign weights to each of these parameters to complete our framework. Perhaps, if time permits, we can try rating a famous actor/actress using this scale and see if it makes sense. Shall I go ahead with this?

Sure, go ahead.

I would like to divide the parameters into 3 buckets:

- 1) Movies
- 2) Recognition
- 3) Personality

Under movies, we should look at the number and quality of movies done by the artist. This shows how much the artist is in demand which is usually an indicator of his skill and popularity. Movies which perform better can be assigned bonus points. Next, we can look at the diversity of roles played by the artist. Actors like Amitabh Bachchan have played diverse roles which show their versatility. Third, the number of years the artist has been in the industry is a testament to his/her experience and continuing relevance in a cut-throat industry. Lastly, we can also look at the artist's presence outside Bollywood. For example, Priyanka Chopra has worked alongside names like Zac Efron and enjoys fan following across the globe.

Moving on to recognition, we can look at 2 things – Awards and Popularity. Their performance in award shows like Filmfare and IIFA provide an objective source to judge their performance. This will also lend credibility to our rating framework. Popularity can be judged by fan following on social media platforms, number of times their names appear in Google searches, surveys, etc.

In today's world, personality is of increasing importance. People look up to artists not just for the work they do but also for their public image. Actors like Sonu Sood have led the way with their social endeavours.

Rating Neil, Nitin and Mukesh

Walkthrough

CASE TYPE

UNCONVENTIONAL

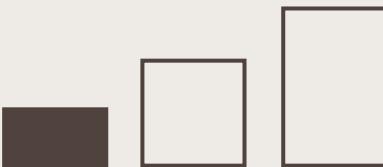
COMPANY

KEARNEY

ROUND

PRINCIPAL

Most unconventional cases don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

While positive activities like charity events can bring points to the artist, negative activities such as hit and run cases can lead to a deduction in points.

Additionally, many actors and actresses have a well-rounded personality. In addition to acting, some have even ventured into production, singing, etc. We can keep this in mind as well.

Is there anything else we should include in the framework?

It seems very comprehensive. I like your point about including personality. Not many would have thought of that. You can briefly discuss how you will assign weightages to the parameters. Then we can end the case.

Sure. First, we can make a list of all the parameters in decreasing order of importance. For example, "diversity of roles" will certainly be prioritized over "number of charity events done by the artist". Accordingly, we will assign a higher weightage to the parameter higher up in the list. While we make the list, we can also keep in mind the reliability of the parameter. For example, the "number of awards won" can be given a higher weightage as it is a more objective parameter as compared to "presence outside Bollywood".

Great.

Rating Neil, Nitin and Mukesh

Framework

DEVELOPING AN ONLINE PORTAL FOR RATING ACTORS IN BOLLYWOOD

Clarifying Questions

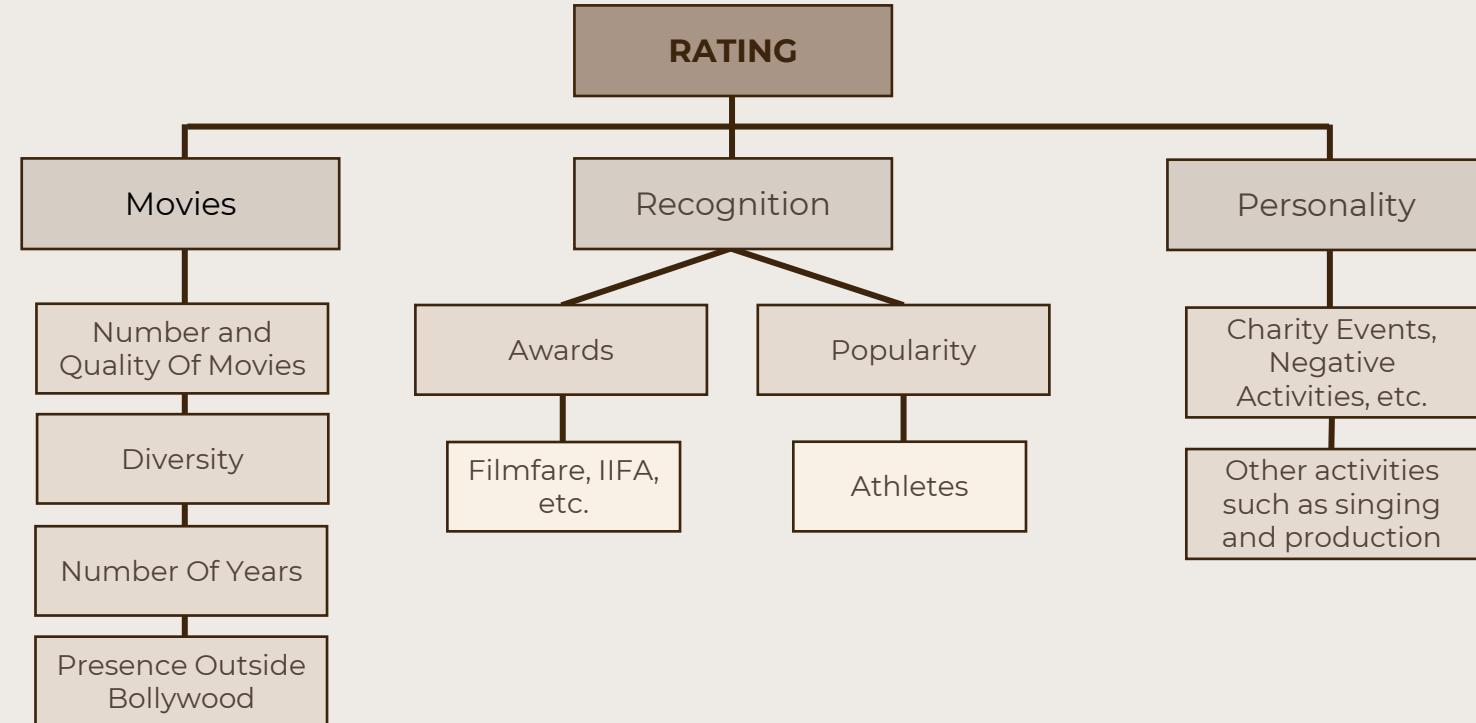
- Purpose behind rating?
- Should we look at how we will set up the portal?

Brownie Points

- Accounting for personality of the artist
- Mentioning importance of social endeavours

Keep In Mind

- More often than not, the interviewer will end the case before you have the opportunity to run through your entire framework



Left Me High and Dry

Walkthrough

CASE TYPE

UNCONVENTIONAL

COMPANY

KEPLER CANNON

ROUND

BUDDY

Most unconventional cases don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

Your client is an online retailer of clothes and has been facing a problem of high churn rate on their payment gateway. You need to analyse why this is happening and give recommendations accordingly.

Interesting problem. I would like to begin by understanding our client better. What kind of clothes do they sell? What is the target market?

Our client sells jeans for both men and women. Our target market is everyone in the age bracket of 18-50.

Got it. Since when have we been facing this problem? What is churn rate? How much has it increased by? Are competitors facing a similar issue?

Ever since the inception of the website. Churn rate is the number of customers who leave a product over a given period of time. You don't have to worry about that. Consider it to be high enough. Our competitors have reported no such issues.

Sure. What are the modes of payment that our website offers and is the decline uniform across all modes? Is it fair for me to assume that we use a third-party payment gateway?

We have credit/debit cards, PayTM and Google Pay. The decline is fairly uniform across all the modes. Yes, we have a partnership with a third party.

Understood. We can analyse the high churn rate by breaking it down into a process:

STAGE 1: Directing to the payment gateway

- 1) Obstruction - Banners appearing on the screen
- 2) Convenience - Time taken to load the page
- 3) Security - Whether the connection is secure or not – usually indicated by a lock on the search bar
- 4) Success rate – Number of incidents where redirection is unsuccessful

STAGE 2: Making the payment

- 1) Interface - Ease of navigation and use, whether all options are displayed and so on
- 2) Time - Time taken to send the OTP and navigate between pages
- 3) Additional charges- Whether additional charges are added at this stage

You have covered everything. We have realised that the time taken to send the OTP is about 3 minutes.

Thank you. From my personal experience, 3 minutes seems like a long time. To gauge the situation better, do we have information on how much time other websites take?

Left Me High and Dry

Walkthrough

CASE TYPE

UNCONVENTIONAL

COMPANY

KEPLER CANNON

ROUND

BUDDY

Most unconventional cases don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

Yes. Other websites take 5-10 seconds.

Interesting. Time taken to send the OTP can be divided into:

- 1) Information sent from our payment partner to the wallet/bank
- 2) OTP generated and sent to payee

Given that the time taken by other websites is not as high, I think we can fairly assume that our partners take more time to send the information to the wallet/bank.

Correct. What do you think we should do?

We can improve the situation by:

- A. Sticking to the same payment gateway:
 - 1) Improve its efficiency
 - 2) Recovering lost sales from the third party via penalties
 - 3) Introducing a commission-based model to incentivize better performance of the third party
 - 4) In the interim period, we can add a disclaimer that the OTP may take time to deliver and customers are requested to be patient
- B. Hiring a different third party or developing our own payment gateway after doing a cost-benefit analysis

Great. We can close the case now.

Left Me High and Dry

Framework & Recommendations

LOST SALES DUE TO HIGH CHURN RATE OF PAYMENT GATEWAY

Clarifying Questions

- Segmentation into modes of payment

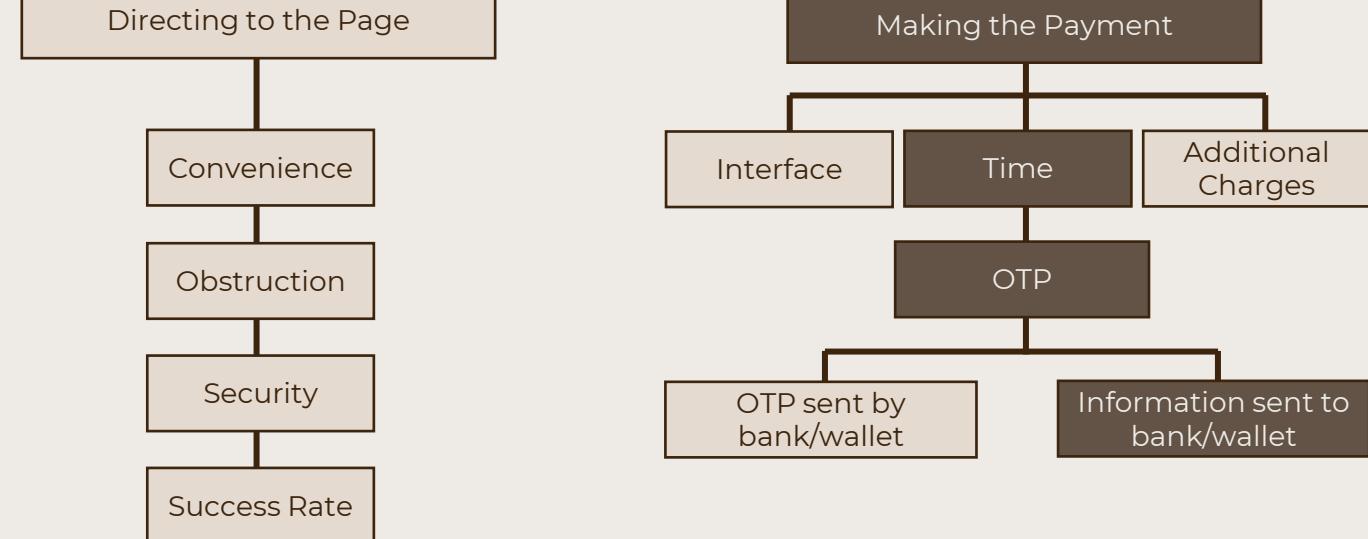
Brownie Points

- OTP insight - other companies are not facing the issue so it must be a problem specific to our website

Keep In Mind

- Think of factors that may turn you away from a payment gateway to come up with an exhaustive list

HIGH CHURN RATE



RECOMMENDATIONS

- Change the payment gateway
- Improve the efficiency of the current gateway

Zero Dark Thirty

Walkthrough

CASE TYPE

UNCONVENTIONAL

COMPANY

DALBERG

ROUND

BUDDY

Most unconventional cases don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

Let's start with a case. You need to advise the government on how to reduce terrorism in India.

Sure. What exactly do we mean by terrorism? Cyber terrorism, bomb blasts, etc.?

Haha. By terrorism we mean the number of bomb blasts/shootings that take place in India.

Got it. By how much do we have to reduce terrorism and by when do we have to achieve this goal? Are there any budgetary constraints I should be aware of?

You need to reduce terrorism by as much as possible. There is no fixed timeline as such. No budgetary constraints.

Alright. We can look to reduce terrorism in 2 stages:

- 1) Preventive measures
- 2) Handling the situation (Example – Defuse bombs based on tips)

Under preventive measures we can look at:

A) Segmenting on the basis of geography and following different strategies for Indian and Overseas terrorists

- 1) Terrorists within India
 - i. Ban on / regulation of guns and ammunition
 - ii. Better inter-state security by checking at borders
 - iii. Domestic airports and prominent buildings to have military deployment in addition to security
- 2) International terrorists
 - i. Mode of entry – Airports, Land or Sea - All places through which international militants can enter must be strictly guarded which requires:
 - Identification of locations
 - Deployment of army

B) Analysis of pattern

- 1) Festivals - As most of the attacks happen around festival times, police must be on high alert during such times
- 2) Places - Crowded markets, malls and hotels are prone to terrorist attacks and must be well protected.

C) Prediction and Training

- 1) Special force - A special team must exist that works solely on monitoring and anticipating terrorist activities.
- 2) Training - Military should be well prepared in terms of training and equipment to handle the situation better

Zero Dark Thirty

Walkthrough

CASE TYPE

UNCONVENTIONAL

COMPANY

DALBERG

ROUND

BUDDY

Most unconventional cases don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

D) Penalties: Extremely harsh penalties must be imposed on such activities

It is important to note that sometimes one attack comprises multiple bomb blasts. Hence, it is important to look at how situations can be handled. Additionally, if there is a good response procedure in place, it will discourage future terrorism.

Under handling the situation, we can look at:

- 1) Identification of key nearby locations to the epicentre of the attack and issuing high alert and evacuating those areas
- 2) Reduction in regulatory barriers and requirement of permissions for immediate action
- 3) No media coverage must be allowed in times of terrorist attacks

In the long-run, we can also identify ways to reduce the number of terrorists and cut funding to notorious organisations.

Good job.

Zero Dark Thirty

Framework

REDUCE TERRORISM IN INDIA

Clarifying Questions

- Meaning of terrorist attacks?

Brownie Points

- Mentioning how a good response procedure in place will discourage future terrorism

Keep In Mind

- In such cases, there are multiple frameworks that can be used. However, it is important to quickly choose one and try to incorporate points of other frameworks under one. Example - you might want to look at education, funding, etc.

TERRORISM

Preventive Measures

Classification Based on Geography

Analysis Of Pattern

Prediction And Training

Penalties

Handling The Situation

Identification Of Areas

Regulatory Barriers

No Media Coverage

Ups and Downs

Walkthrough

CASE TYPE

UNCONVENTIONAL

COMPANY

BAIN & COMPANY

ROUND

MANAGER

Most unconventional cases don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

Your client owns a theme park. He is concerned about the increasing wait time for rides. He has hired you to look into this.

Okay. Can I know a little more about the theme park? Where is it located? What are the different attractions in the park?

The Park is located in Pune. There are water rides as well as land rides. Additionally, there are food stalls located around the park.

Got it. What exactly is the issue? Do we need to bring down the wait time for both water as well as land rides?

In fact, the complaints have specifically been about the Park's roller coaster. There are long queues at all times for the ride.

That's unfortunate. Do we have a specific target in mind as to how much we wish to reduce the waiting time and by when this is to be achieved? Also, are there any budgetary constraints we need to keep in mind?

We don't have any such targets. We can look at both short-term and long-term solutions. There are no budgetary constraints.

Let's see what we can do. I will divide my approach into 2:

- 1) Reducing the waiting time for the roller coaster
- 2) Making the waiting experience better

Let's start with the waiting time.

Waiting time = (Number of people in the queue * Turnover time per ride)/Number of seats on the roller coaster

In order to reduce the number of people queued, we can look at the following options:

- 1) Managing the demand for the roller coaster:
 - Charging an additional fee since it is a top attraction
 - Changing the location of the attraction (However, this may not be feasible due to the nature of the ride)
 - Improving other attractions and marketing them well to increase their demand so that the people are more evenly split across rides
 - Increasing the height/age requirement
- 2) Introducing alternate attractions such as:
 - New category of attractions such as 9D cinema
 - Introducing new thrill rides
 - Making another roller coaster

Ups and Downs

Walkthrough

CASE TYPE

UNCONVENTIONAL

COMPANY

BAIN & COMPANY

ROUND

MANAGER

Most unconventional cases don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

3. Number of hours can be increased of the Park as well as the roller coaster so that demand will be more dispersed across the day.

We can consider creating another roller coaster. You can move to the next factor.

Sure. We can now look at ways to reduce the time taken per ride. The time taken will be divided into:

- 1) Boarding: This involves people taking their seats on the roller coaster and fastening their seat belts.
 - Briefing the next set of people about safety measures, how to fasten seat belts, etc. while the roller coaster is in use will help save time.
 - Proper training of staff to ensure there are no delays in this stage.
 - Centralised fastening of seat belt has been introduced in some parks. This will do away with the need of individually checking each person's belt.
- 2) The ride:
 - Increasing the speed of the roller coaster if it is safe to do so.
 - Reducing the length of the roller coaster can be considered provided this will not affect the overall experience by much.
- 3) De-boarding:
 - Trained staff must assist the people so that de-boarding is smooth.
 - De-boarding can be done from the opposite side of the roller coaster. This will reduce crowding and make the process efficient.
- 4) Idle time: Every hour or so, a routine check is usually carried out. Also, a break may be given to staff for refreshments
 - Proper rotation of staff will limit idle time.
 - The routine check should happen in an organised manner. It should be automated as much as possible and a check-list will help the staff do this quicker.

Great suggestions. What would you like to look at next?

We can look at the number of seats on the ride.

- 1) Increasing the capacity of the ride: Adding a greater number of seats to the ride and changing the machinery to meet the new requirements.
- 2) Increasing the occupancy of the ride: If factors like broken seats are reducing the number of seats on the ride, these must be dealt with on a priority basis.

We are now done with the first part of our approach. Before we move on to the next part, is there anything else you would like me to look at?

Ups and Downs

Walkthrough

CASE TYPE

UNCONVENTIONAL

COMPANY

BAIN & COMPANY

ROUND

MANAGER

Most unconventional cases don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

You can go ahead with the second part.

Great. In order to make the waiting experience better, we can consider the following solutions:

- Digital queueing: An application can be introduced to book the ride and make a digital queue.
- Token system: People can be issued tokens so they don't have to stand in the queue.
- Representative: 1 person can be allowed to stand in the queue on behalf of his/her companions. This will also reduce crowding.
- Attractions: Parades, people in costumes, etc. can be introduced around the roller coaster so the people standing in the queue can enjoy while waiting.

Is there anything else I should look at?

Not required. Let's close the case here. Have a nice day!

Ups and Downs

Framework

REDUCING WAIT TIME OF RIDES

Clarifying Questions

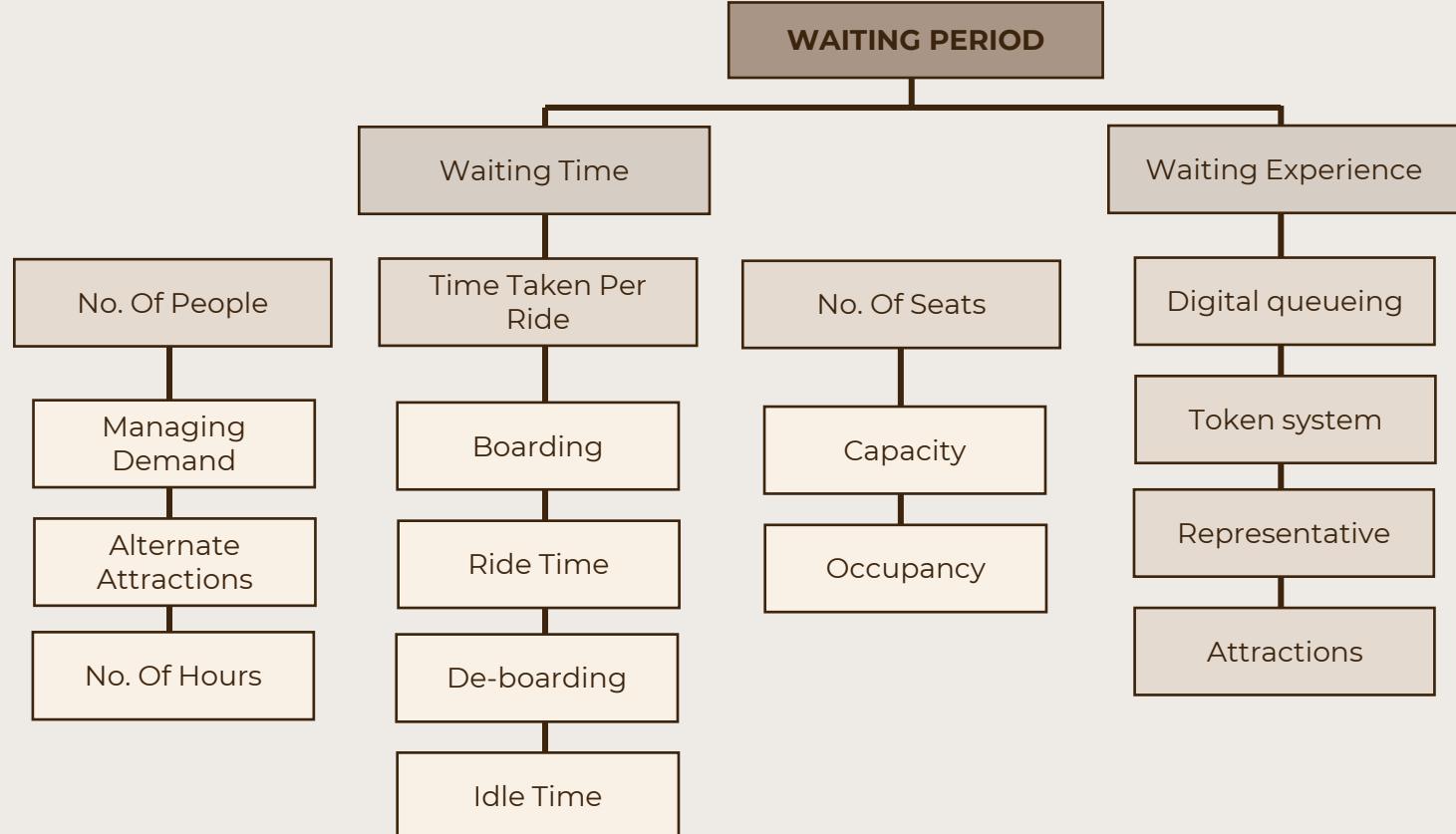
- What are the different attractions?
 - What is the exact issue?

Brownie Points

- Digital queueing
 - Token system
 - Making the wait time enjoyable

Keep In Mind

- A good overall structure helps you think more creatively and comprehensively.



What the Truck!

Walkthrough

CASE TYPE

UNCONVENTIONAL

COMPANY

MCKINSEY & CO.

ROUND

PARTNER

Most unconventional cases don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

Let's begin with a case. You have been hired by a company looking to expand into the transportation business in the country. They have asked you to estimate the cost of running a truck per kilometre in India.

Understood. Apart from estimating the cost of running a truck per kilometre, is there any other objective I should keep in mind? Perhaps, we can also look at the other costs involved in running the business.

That won't be required. Focus on the cost per km.

Okay. Can I assume the size of the truck to be a six-wheel truck which costs about Rs. 20 lakh in India?

Sure. Let's move to the approach now.

The costs can be divided into purchase and financing costs, labour, fuel, servicing and maintenance and insurance costs. In order to apportion the costs per kilometre, we also need to calculate the total distance covered by the truck every year. Let's start with this.

Let's say a truck undertakes 1 round trip every week, say, from Mumbai to Delhi. Mumbai and Delhi are about 1,500 km apart. This means the truck travels 3,000 km every week. The truck will be used for about 40 weeks a year. This is based on the assumption that there will be periods of low demand as well as weeks in which the truck will be given for service and maintenance activities. This gives us roughly 1,20,000 km in a year.

I would imagine an average truck would last about 15 years before needing to be replaced. The truck costs Rs. 20 lakhs. The scrap value at the end of 15 years would be about 10% of this, i.e., Rs. 2 lakhs. This gives us Rs. 18 lakhs to be apportioned across 15 years. We also have to consider the cost of financing the truck. Interest rates in the country are about 10% for cars.

Let's simplify the interest rate calculation. Let's say total interest payable is Rs. 6 lakh in 15 years.

Okay. That gives us Rs. 24 lakhs to be apportioned across 15 years, i.e., Rs. 1.6 lakhs every year.

Insurance premium every year must be about 3% of the initial purchase price, i.e., Rs. 60,000 per year.

We can move on to labour costs now. Apart from a driver, we will also need a person that helps in loading, unloading and escorting the truck. The driver will cost the company about Rs. 25,000 every month and the helper will cost us another Rs. 20,000. Assuming that the staff is paid for all 12 months, even though they may not be undertaking trips on all weeks, this means another $Rs. 45,000 * 12 = Rs. 5.4$ lakh every year.

Trucks are usually high maintenance vehicles. They will need regular servicing and maintenance. Assuming that the truck is serviced 4 times a year and each service costs about Rs 10,000, this adds another Rs. 40,000 to the annual cost.

What the Truck!

Walkthrough

CASE TYPE

UNCONVENTIONAL

COMPANY

MCKINSEY & CO.

ROUND

PARTNER

Most unconventional cases don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

So far, the total annual costs are:

Cost of Acquiring Truck/Year = Rs. 1,60,000

Cost of Insurance premium/year = Rs. 60,000

Cost of staff/year = Rs. 5,40,000

Cost of maintenance/year = Rs. 40,000

which brings our total to Rs. 8,00,000. Apportioned over 1,20,000 km, this gives us Rs. 6.67/km

We still have to calculate the cost of fuel.

$$\text{Cost of fuel/km} = (\text{Cost of fuel/litre}) / (\text{Number of km/litre})$$

Diesel prices hover around Rs. 80/litre. Trucks give a mileage of about 8 km/litre. Thus, the cost of fuel is Rs. 10/km.

Thus, the total cost of running a truck per kilometre in India is $\text{Rs. } 10 + \text{Rs. } 6.67 = \text{Rs. } 16.67$. I hope I have covered all the relevant cost heads. If not, we can add them now.

You have done a good job. That will be all.

What the Truck!

Framework

COST OF RUNNING A TRUCK PER KILOMETRE IN INDIA

Clarifying Questions

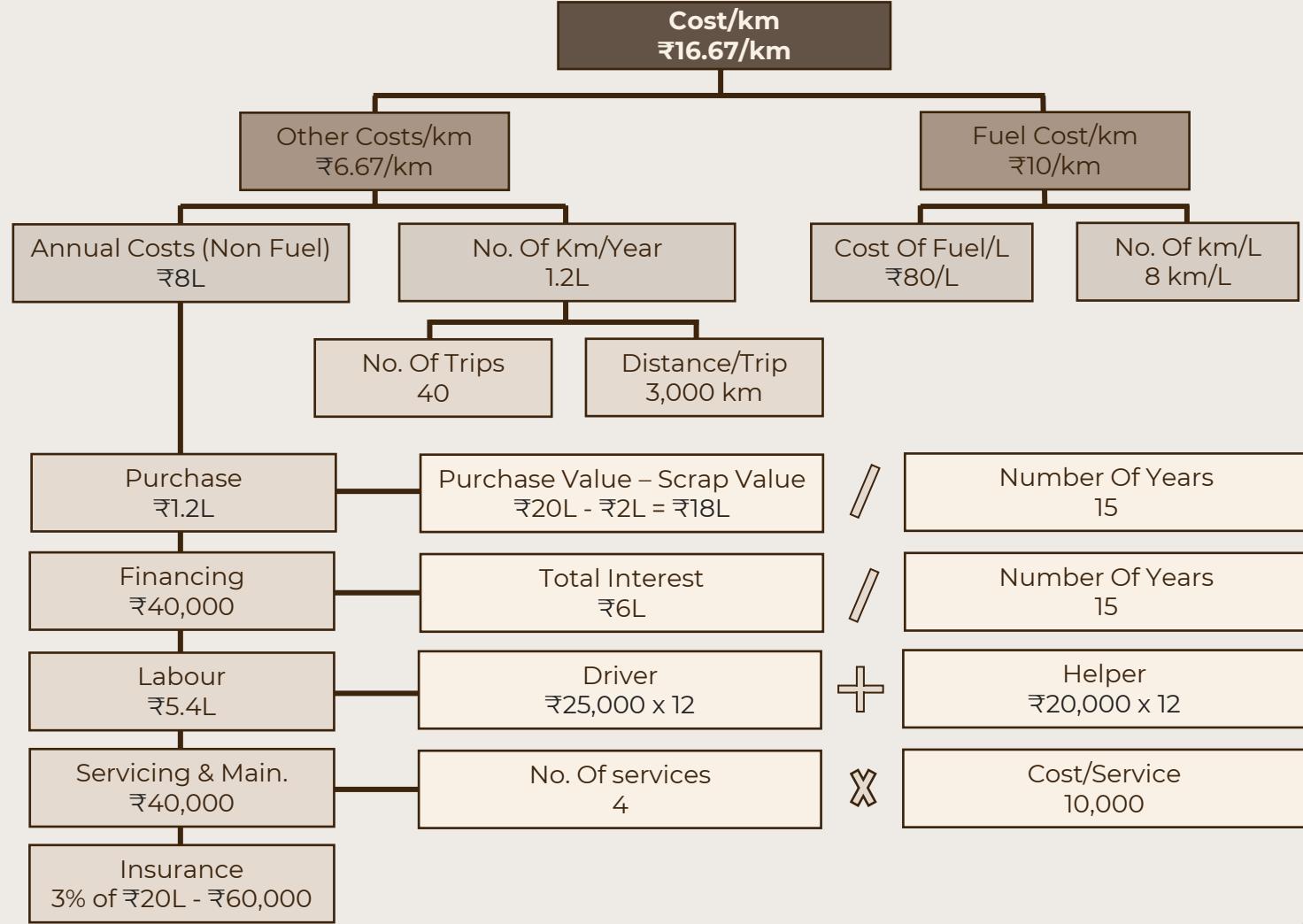
- Size of the truck?
- Should we look at the other costs involved in running a transportation business?

Brownie Points

- Including financing and insurance costs in the cost per km.

Keep In Mind

- Cases are often asked based on the interviewee's resume and background. Someone with an accounting background may face a case such as this one.



An Apple a Day Keeps the Doctor Away

Walkthrough

CASE TYPE

UNCONVENTIONAL

COMPANY

DALBERG

ROUND

PARTNER

Most unconventional cases don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

Your client is the Ministry of Health. They want you to improve the health of Indian citizens.

Quite an interesting problem. Do we know what the objective of our client is and by when we have to meet this objective? Do we have any budgetary constraints?

Indeed. The objective is to improve the general well-being of the citizens. The plan can be both short-term and long-term. There are no such constraints.

Alright. Do we have any particular region or regions in mind?

You can look at improving well-being across the country.

Great, I think I can begin now.

The improvements can be achieved by focusing on the following measures:

- 1) Preventive measures
- 2) Curative measures

Under Preventive measure, we can look at the following initiatives by the government -

- i. Increased Awareness - We need to spread knowledge regarding various diseases. This can be done through various TV and radio advertisements. Example – Amitabh Bachhan advertisements on tuberculosis
- ii. Incentives - Government should formulate policies to encourage employers to provide medical insurance to their employees.
- iii. Investments - The government must undertake investments in building hospitals, setting up labs, medicinal research, vaccination drives, improving the accessibility of medicines and vaccines, improving the state of cleanliness and hygiene
- iv. Encourage – Individual efforts to improve lifestyle, get vaccinated, get regular health check ups done
- v. Externalities – Bringing pollution under control, ensuring safe drinking water, etc. can reduce the incidence and severity of diseases

Under Curative measures we can look at the following stages:

- i. Diagnostic -
 - a. Encouraging people to visit clinics or hospitals as soon as they experience any symptoms
 - b. Putting a cap on consulting fees to ensure affordability
 - c. Subsidising consultations in rural areas
- ii. Admitting –
 - a. Reducing the requirements in terms of paperwork
 - b. Ensuring availability of beds and staff

An Apple a Day Keeps the Doctor Away

Walkthrough

CASE TYPE

UNCONVENTIONAL

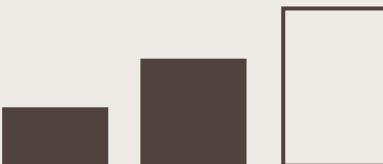
COMPANY

DALBERG

ROUND

PARTNER

Most unconventional cases don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

- iii. Treatment -
 - a. Ensuring adequate availability of doctors by setting up medical institutes across the country
 - b. Ensuring quality treatment by making available best medical devices and setting performance standards for doctors and nurses
 - c. Ensuring that the hospital is sanitized and there is limited flow of diseases within the premises
- iv. Post treatment -
 - a. Regular follow ups should be scheduled to monitor recovery
 - b. Medication – Ensuring availability of general as well as specialized medicines and measures in place to ensure the patient is taking the prescribed medicines

This approach seems great, we can close the case now.

An Apple a Day Keeps the Doctor Away

Framework

IMPROVING THE STATE OF HEALTH OF INDIAN CITIZENS

Clarifying Questions

- Objective of the case?
- Budgetary constraints?
- Any particular region?

Brownie Points

- Setting up more medical institutes in the country

Keep In Mind

- If the interviewer had not asked for a general solution, segmenting the solution in terms of Rural and Urban or Tier 1, Tier 2, Tier 3 regions would have been a good approach

MEASURES TO IMPROVE HEALTH

Preventive

Awareness

Incentives

Investments

Encouragement

Externalities

Curative

Diagnostic

Early Diagnosis

Affordability

Admitting

Paperwork

Availability of Beds

Treatment

Availability of Doctors

Quality Treatment

Post Treatment

Regular Follow-ups

Medication

Bad Teacher

Walkthrough

CASE TYPE

UNCONVENTIONAL

COMPANY

DALBERG

ROUND

BUDDY

Most unconventional cases don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

Your client is the Education Ministry of Rajasthan and it wants to improve the class 10 and class 12 board exam results.

Alright, I want to begin by understanding the problem in more specific terms. What exactly do we mean by improve? Do we have a timeline in mind?

Okay sure. By improve we mean increase the pass percentage. The client would like to implement the solutions as soon as you're ready with them!

Thank you. Next, I want to know if we are talking about a specific board such as the state board/CBSE board/ICSE board etc.?

We can restrict this case to the local state board only.

Sure. Are we looking at a particular segment of schools in which we need to improve performance?

You need to focus on only public schools.

Thank you. Any budgetary constraints that I need to be aware of?

No. You can proceed.

Sure, I would like to focus on the children who are already enrolled and improve their performance.

(Note: Total number of students that pass = Number of people enrolled * % of children that pass. Since we are concerned with improving the result, we need to increase the % of children that pass)

We can look at this problem in the form of a process.

STAGE 1: Eligibility

STAGE 2: Preparation

STAGE 3: Examination

STAGE 4: Evaluation

STAGE 1: Eligibility - This stage can be divided into:

- a. New admits – New students must meet the required standards. These standards can also be revised.
- b. Already enrolled students - The schools should ensure that the pass criteria is rigidly defined for classes 9 and 11 to ensure only students that are prepared to take board exams in the subsequent year are promoted.

Bad Teacher

Walkthrough

CASE TYPE
UNCONVENTIONAL
COMPANY
DALBERG
ROUND
BUDDY
Most unconventional cases don't fall under a specific industry, hence an open mind always helps

DIFFICULTY

STAGE 2: Preparation - This stage can be divided into

- a. Infrastructure
 - i. Computer and science laboratories
 - ii. Libraries
 - iii. Classrooms
 - iv. Extra-curricular opportunities
 - v. Cleanliness and hygiene
- b) Under teachers, we can look at -
 - i. Training of teachers
 - ii. Establishing accountability through regular evaluations
 - iii. Maintaining an optimum student-teacher ratio to ensure all students get sufficient attention
- c) Under course, we can look at -
 - i. Number of subjects – Ensuring availability of different subjects and combinations
 - ii. Reducing the marks required for passing
 - iii. Number of attempts per student
 - iv. Reducing and revising the syllabus for the exam
 - v. Implementing flexible timetable Eg- Access to recorded lectures etc.
 - vi. Having multiple mocks (Pre boards and chapter-wise tests)
- d) Motivation -
 - i. Giving monetary incentives to students who perform well eg - Free uniform, scholarships and fee waivers
 - ii. Giving examples of alumni that have gone on to do well in life
 - iii. Conferring awards to and ensuring recognition of top performers

STAGE 3: Examination - Under this stage we can look at:

- a. Increasing the number of languages the paper can be attempted in
- b. Providing and improving the means of taking examination for disabled students
- c. Ensuring accessible and quality exam centers

STAGE 4: Evaluation – Under this stage we can look at:

- a. Option of revaluation of papers
- b. Establishing accountability and imposing penalties in case of misconduct by any examiner

That will be all for this case. All the best!

Bad Teacher

Framework

IMPROVING THE CLASS 10 AND 12 BOARD EXAM RESULTS

Clarifying Questions

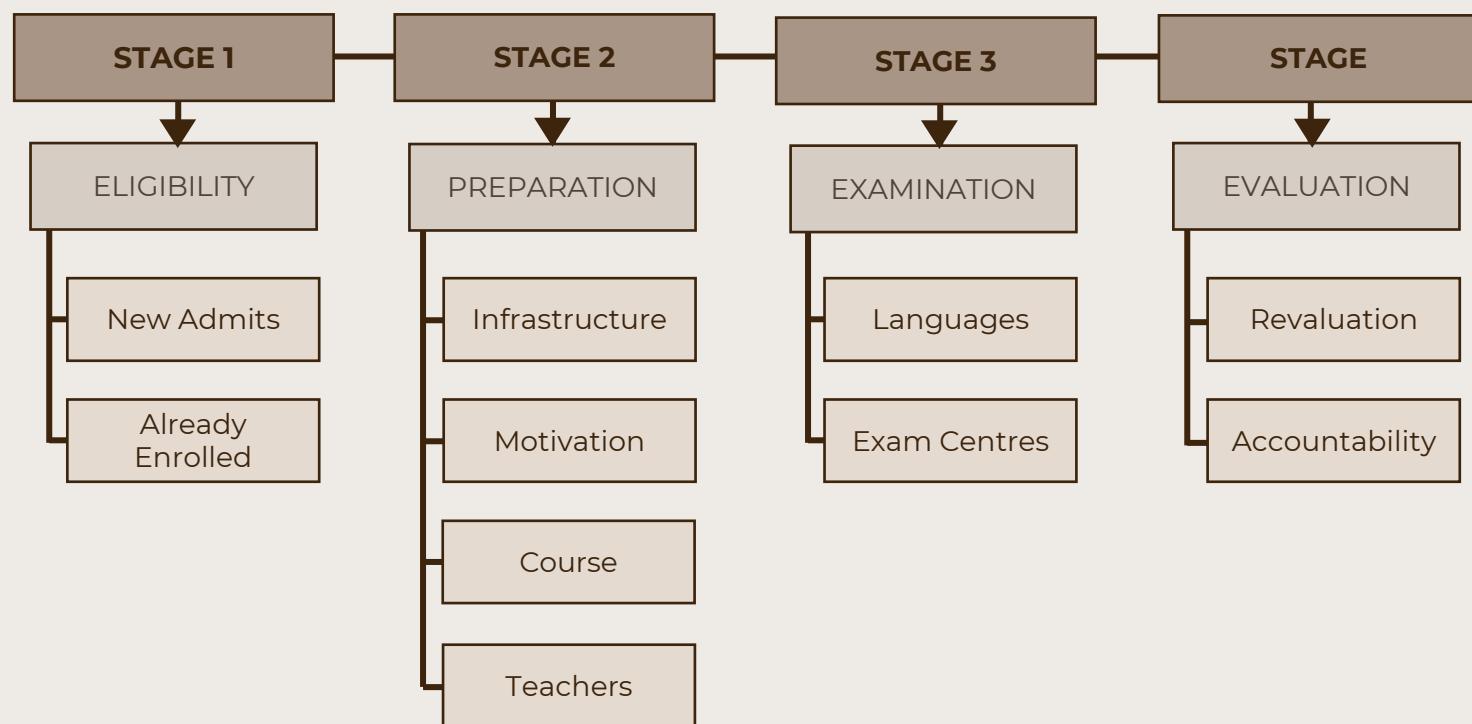
- Which board?
- What do we mean by improve?
- Any budgetary constraints?

Brownie Points

- Disability-friendly exam centres
- Increasing the number of languages the exam can be taken in

Keep In Mind

- Always ask about any budgetary constraints that you need to keep in mind



Houston, We Have a Problem!

Walkthrough

CASE TYPE

UNCONVENTIONAL

CURATED BY THE AUTHORS



Most unconventional cases don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

Sylvester, the mayor of Houston, Texas has approached you. There has been an unprecedented rise in criminal activity in the city. Families in Houston are concerned about their safety. With elections approaching, the Mayor would like your advice on how the criminal activity can be brought under control.

Sounds like an interesting problem. Basically, the mayor wants us to identify the reason behind the increase in criminal activity and come up with suitable suggestions to bring it under control and help him secure the faith of the people again. Is that right?

Correct.

Alright. Before we do that, I would like to know what we mean by an increase in criminal activity. Have the number of crimes committed gone up?

Yes, that is right.

Okay. Do we know how much crimes have increased by and since when this has been happening? Also, have other states faced a similar problem?

Crime rates have gone up by 20% in the last 4 months. Other states have not faced such an issue.

That is a cause for concern. I believe the State will have a segmentation of the different types of crimes – thefts, kidnappings, homicides, sexual harassment, etc. Have all types of crimes gone up or is it specific to some? It is also possible that certain ethnicities or groups are being targeted.

Homicides have been increasing off-late. We don't have a segmentation of our victims. Other crimes have been steadily decreasing due to the new CCTV cameras installed across the City.

That's intriguing. Homicides have seen an increase despite the CCTV cameras. We can get to the number of homicides by constructing the following formula:

Number of homicides = Population of Houston * % that are criminals * % of criminals that commit homicides * Number of homicides per criminal

It is unlikely that the population of Houston has seen a significant increase in such a short period. However, it is possible that the % of criminals have seen an increase because of factors such as the formation of a new gang. However, since other crimes have seen a decline, my hypothesis is that there has been an increase in the % of criminals that commit homicides as well as the number of homicides per criminal. Is this true?

Spot on. What would you like to do next?

Houston, We Have a Problem!

Walkthrough

CASE TYPE

UNCONVENTIONAL

CURATED BY THE AUTHORS



Most unconventional cases don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

To further isolate the problem, we can analyse how the homicides are being committed. Some common ways in which a person can be murdered are poisoning, shooting and stabbing. Do we know if there has been an increase in a specific manner of killing?

Yes. The number of shootings has increased.

Hmm. This could either be because of an increase in motives to commit homicides or a more facilitative environment which makes it easier to carry out these shootings. Motives can be furthered divided into monetary motives like stealing jewelry, securing control of new territory, etc or non-monetary such as hate crimes, revenge, etc. A facilitative environment could mean poor law enforcement such as inefficient policemen, reduction in punishments, etc. or easier access to weapons, in this case – guns.

Excellent. 4 months ago, Texas passed a law making it easier to procure a gun license. This has resulted in an increasing number of shootings. What should the authorities do now?

First, I would like to know the reason behind the new law.

The rationale behind the new law was that families would be better able to defend themselves against intruders if they had a gun at home.

Makes sense. This has probably been a factor behind the reduction in other crimes. I would suggest a two-step approach to tackle the problem. First, the law must be reconsidered. Other ways such as night patrolling by policemen and installing CCTV cameras within houses can be considered as alternatives to the threats posed by intruders. Second, since there has already been an increase in the number of guns with criminals, there has to be an attempt to seize these guns again and clamp down on the criminals. Conducting psychological tests and checking previous criminal records would be one method. We can explore this further if needed.

That will not be necessary. The mayor thanks you for helping him get a step closer to getting re-elected.

Houston, We Have a Problem!

Framework & Recommendations

INCREASING CRIMINAL ACTIVITY IN TEXAS

Clarifying Questions

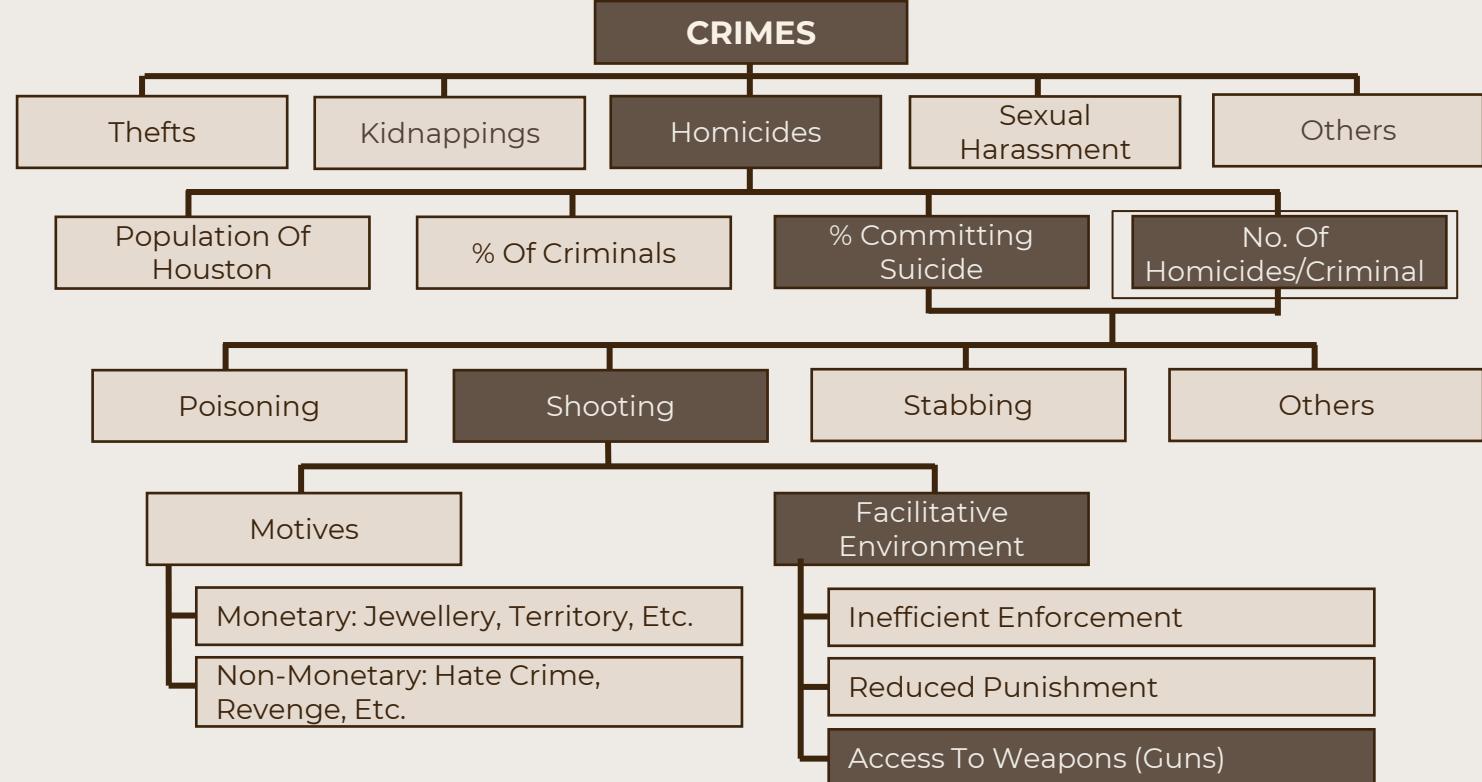
- What do we mean by increase in criminal activity?
- Have other states faced a similar issue?

Brownie Points

- Background checks before handing out guns

Keep In Mind

- Asking the right preliminary questions is important, especially in unconventional cases



RECOMMENDATIONS

- Reconsider the law granting easier access to arms
- Night patrolling by policemen
- CCTV cameras
- Seize existing guns

Crash Course

Walkthrough

CASE TYPE

UNCONVENTIONAL

COMPANY

DALBERG

ROUND

PARTNER

Most unconventional cases don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

There have been an increasing number of deaths by car accidents in Delhi. You need to analyse why this is happening.

Interesting. I would like to begin by understanding the problem better. How much have deaths gone up by and since when have we been facing this problem?

We have been facing this problem for the past 1 year. Number of deaths are up by 10%.

Alright. Do we have any segmentation as to the deaths happening at different times (Day/Night) or perhaps a particular area in Delhi that has been most affected by this problem?

Most accidents are taking place during the day and East Delhi has the highest numbers of deaths.

I see. I want to understand the statistics a little better. When we say increase in deaths, do we mean the people inside the car or outside?

Good question. The number of deaths of people outside the car has increased.

Alright.

Total number of deaths = Total number of car accidents * % That are causing deaths * Number of deaths/accident

Do we know which one has increased?

Analyse total number of car accidents.

Total number of car accidents in a day = Average number of cars on the road in a day * % that meet with an accident

Do we have information on what has changed in the past 1 year? It is unlikely that the average number of cars on the road in a day will increase significantly in a year.

That is a good observation. The percentage of cars that meet with an accident has gone up.

Thank you. We can understand this by analysing the following:

1. Car
2. Road
3. Victims
4. Legal

Crash Course

Walkthrough

CASE TYPE

UNCONVENTIONAL

COMPANY

DALBERG

ROUND

PARTNER

Most unconventional cases don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

Under Car, we can look at:

- a. If a particular model is more prone to accidents
- b. Change in rules such as the number of years for which you can drive a car (Presently, it is 15 years in Delhi)
- c. Servicing and maintenance issues (Example – Brake failures)
- d. Rash or careless driving due to factors such as phone usage by drivers

Under Road-related factors, we can look at:

- a. Number of traffic lights and their placement and functioning
- b. Barricades and traffic – Increased road rage due to impatience
- c. Condition of the roads - Maybe because of the last monsoon, number of potholes have increased
- d. Parking - if there is excessive parking taking place on the road.
- e. Zebra crossings - The number of zebra crossings and their placement
- f. Signage on the road

Under Victims, we can look at:

- a. Number of beggars and homeless people on the road
- b. Nature of protests taking place
- c. Shops and fairs that may have opened up along the road causing crowding

Under Legal factors, we can look at:

- a. Change in regulations regarding rash driving, speed limits, etc. and the attached penalties for offences
- b. Ease of securing a driving license
- c. Enforcement – How well the laws are being enforced by the police

This looks good. You have identified the reason. The number of homeless people on the road has gone up. I need you to quickly estimate the number of homeless people in Delhi.

Sure. It makes sense because the roads in East Delhi are narrow, causing more accidents.

Number of homeless people in Delhi = Population of Delhi * % below poverty line * % without a house

About 30% of the population of Delhi (1.4 crores) is below the poverty line: $1,40,00,000 * 30\% = 42,00,000$

Thus, number of people below poverty line in Delhi is about 40 lakhs. According to my knowledge, these people a) live in slums b) live in temporary establishments or c) are homeless.

According to me, 1 in 5 people that are below poverty line would be homeless at a given point of time. Is this a reasonable assumption? This would give us about 8 lakh homeless people in Delhi.

Sure. We can close this case here.

Crash Course

Framework

INCREASING NUMBER OF DEATHS BY ROAD ACCIDENTS IN DELHI

Clarifying Questions

- Meaning of deaths?
- Since when?
- People inside or outside the car?

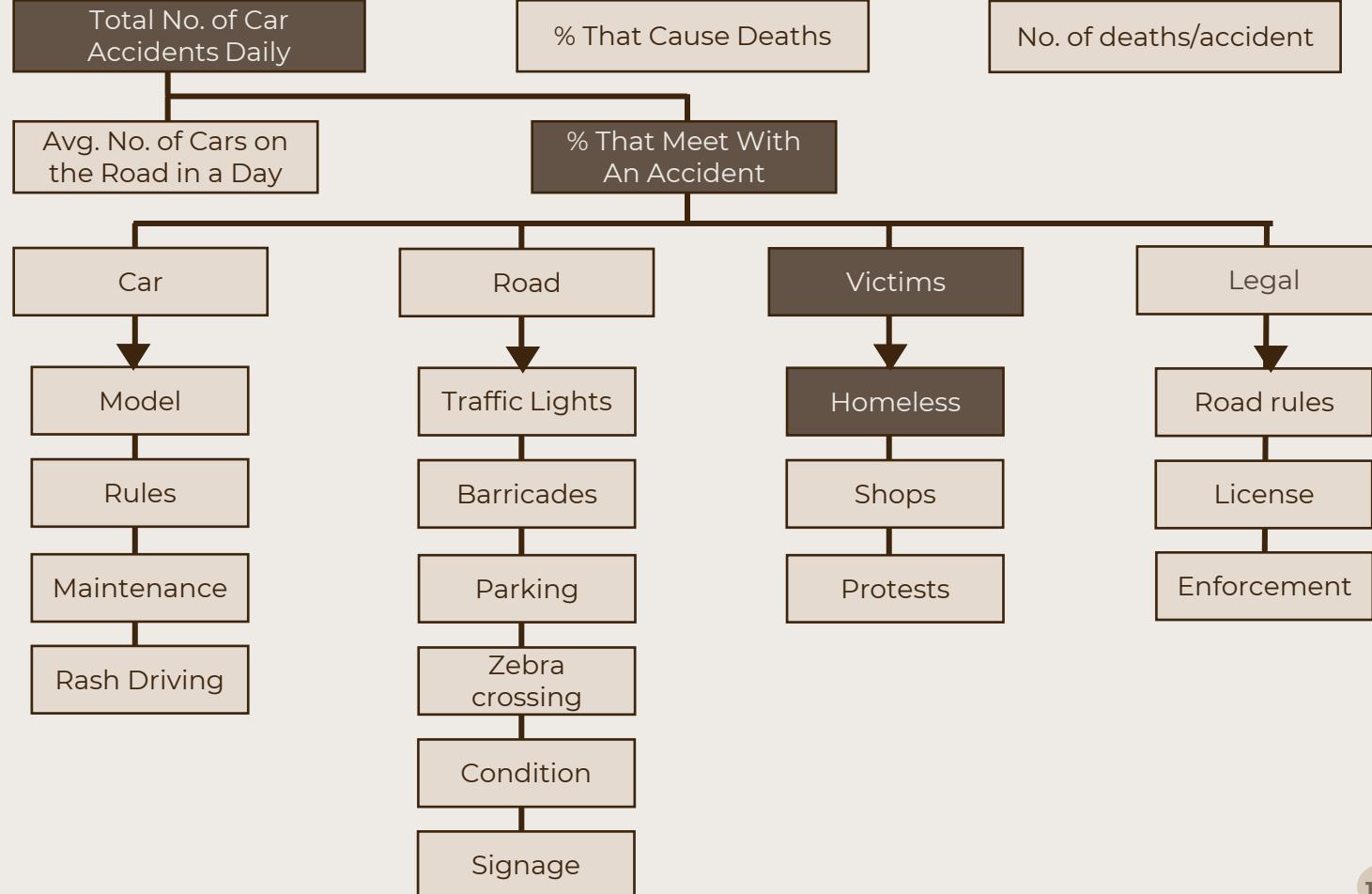
Brownie Points

- Ease of securing a driving license is correlated to increase in number of car accidents

Keep In Mind

- Small factors such as car servicing are only added to be exhaustive. The possibility of all cars not getting serviced is extremely low.

TOTAL CAR DEATHS



Take Me to Mosque

Walkthrough

CASE TYPE

UNCONVENTIONAL

COMPANY

MCKINSEY & CO.

ROUND

BUDDY

Most unconventional cases don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

Your client is the government of Saudi Arabia. You have been hired to increase the number of people coming for Haj and Umrah.

Alright, I would like to understand the problem a little better. I want to begin by understanding the objective that the government has in mind and by when we have to achieve the same.

Sure, the government wants to increase the number of tourists visiting Saudi Arabia in order to improve the reach of the pilgrimages and there is no fixed timeline for this project.

Next, I would like to understand what Haj and Umrah are. From what I know, these are holy pilgrimages attended by Muslims from across the world.

Yes, that is correct.

Okay. I would like to know how they are different from each other.

Haj is a compulsion for Muslims to attend once a year. It happens in Mecca and a special week is designated for this pilgrimage. On the other hand, Umrah is not a compulsion and happens throughout the year in the city of Medina.

That is extremely helpful. I want to now gauge the current situation by understanding how many visitors we have annually for Haj and Umrah and if we have any target in mind.

Great. Currently, we have 2 million people coming for Haj and 5 million for Umrah. We want to take this number to 10 million for Haj and 15 million for Umrah.

Sure. This growth target seems to be quite significant. Hence, I would like to know if there are any capacity constraints to be kept in mind while solving this case.

Good observation. Capacity is not a concern.

Thank you! I would like to now frame my overall approach.

I believe we can break the problem down by the following formula in order to increase the number of attendees:

Total attendees = Population in the world * % that have the ability to attend * % that are willing to attend

Looks fine. We can look at each of these separately.

Take Me to Mosque

Walkthrough

CASE TYPE

UNCONVENTIONAL

COMPANY

MCKINSEY & CO.

ROUND

BUDDY

Most unconventional cases don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

Sure. I would like to begin by analysing the ability of people to attend these pilgrimages.

Factors affecting Ability are:

- 1) Affordability
 - a. Budget hotels and hostels can be opened in these locations
 - b. Cheap transport facilities such as public buses and metros can be operated in these locations
 - c. Affordable restaurants and food trucks can be opened
 - d. Tie-ups with airline operators to offer discounts on travel to these locations
- 2) Time Constraints
 - a. Exploring the possibility of making Haj an all-year-round pilgrimage too, else, strategic selection of the week can be done keeping in mind our target groups. Example – During popular holiday seasons
 - b. Compact weekend plans can be introduced to draw more people
- 3) Demographics
 - a. Increasing the number of people that are eligible to undertake the pilgrimage (Easing restrictions on children, women, etc.). We can also consider opening it up to non-Muslims.
 - b. For the elderly and disabled populations, we can make the pilgrimage disability-friendly and provide assistance at all stages
- 4) Geo-Political and Legal Constraints
 - a. Easy Visa application and acceptance rules
 - b. Efforts towards better international relations

Great, this is extremely detailed. We can now move to the second part.

Thank you. The second aspect deals with willingness to attend the pilgrimages.

The trip can be divided into three stages namely:

- 1) Before:
 - a. Awareness - Multiple modes of advertising must be implemented through social and print media, tying up with religious institutes across the globe to nudge more people to undertake the pilgrimage
 - b. Social reasons –
 - i. Fear – Spreading the narrative that not undertaking the pilgrimage can lead to consequences
 - ii. Belief – Reinforce to people that it is “Auspicious” to undertake the pilgrimage. This is similar to how attending the Vaishno-Devi temple is considered auspicious for a newly-wed couple.

Take Me to Mosque

Walkthrough

CASE TYPE

UNCONVENTIONAL

COMPANY

MCKINSEY & CO.

ROUND

BUDDY

Most unconventional cases don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

- 2) During:
 - a. The Pilgrimage - Easy transport availability, ambience inside the mosque, folk songs, etc.
 - b. Other tourist activities - The general infrastructure of Mecca and Medina can be improved.
- 3) After:
 - a. Word of Mouth - We must encourage people to post pictures and entice other people to undertake the pilgrimage
 - b. Token of Memory - Photo Booths can be set up so that every time people look at the picture they are reminded of the trips. This will encourage people to undertake the pilgrimage again.

Quite insightful suggestions. We can close the case now, have a great day!

Take Me to Mosque

Framework

INCREASING ATTENDEES OF HAJ AND UMRAH

Clarifying Questions

- What is Haj and Umrah?
- What is the specific objective behind increasing number of tourists?

Brownie Points

- Using the fear factor
- Disability-friendly areas
- Improving international relations

Keep In Mind

- It is okay to admit lack of knowledge in such topics
- In cases involving religious or political discussions, be extremely sensitive

Total Attendance = World Population X % That Have the Ability to Attend X % That Have the Willingness to Attend

% THAT HAVE THE ABILITY TO ATTEND

Affordability

Time Constraints

Demographics

Geo-Political and Legal

% THAT HAVE THE WILLINGNESS TO ATTEND

Before

During

After

Awareness

Social Reasons

Pilgrimage

Tourist Activities

Word Of Mouth

Token of Memory

The Godfather

Walkthrough

CASE TYPE

UNCONVENTIONAL

CURATED BY THE AUTHORS



Most unconventional cases don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

Hey, let's begin with a quick case. The scene is set in Italy. You have been abducted by Mr. Alessandro, the head of a mafia. He has reported an increase in the number of men being killed in his gang. He wants you to identify the reason behind the same within the next 30 minutes if you wish to walk out alive.

Oh wow! I'd like to get a better understanding of the problem that Mr. Alessandro is facing. Do we have numbers on how many men have been dying and since when?

Enough men for it to be a concern! Since the last 4 months.

Okay. What exactly is Alessandro's line of activity? Can I assume he's into a majority of illegal activities like Drug-dealing, Arms, Betting and so on?

Fair enough. He also has certain legal businesses to cover his illegal activities.

Great. Do we know if there's a particular segmentation of men, in terms of the work they do, that are getting killed? Maybe more field agents are found dead? Do we have any information on any rival gangs and if they've been losing men too?

Good question. You can say more men from the higher ranks are being found dead. Also, there is one more prominent gang operating in Italy - the Mazzerati gang. We don't have conclusive information, but Alessandro's informants have noticed minimal deaths in the rival gang.

Do we know how the deaths are occurring? It could be shootings, accidents, hand fights and so on.

They are being shot dead.

Do we have information on where these men are being found dead? Here, I would like to divide it into work-related and non-work related. Non-work related would include diseases and other factors that are not directly related to the work the men are doing.

Good question. You can say more men are being found dead in the place of conducting our deals. The clock is ticking, start with your structure.

(Thinks for a minute) Okay, I believe

The number of people getting killed = (Number of men in the gang) * (Percentage of them that are in higher ranks) *
(Percentage of them that are being killed)

Do we know which factor has increased in the last 5 months?

What is the relevance of the first 2 buckets?

The Godfather

Walkthrough

CASE TYPE

UNCONVENTIONAL

CURATED BY THE AUTHORS



Most unconventional cases don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

Maybe the number of deaths isn't a sign of worry because we have been hiring more people in the last 5 months which would lead to an absolute increase in the number of deaths but percentage-wise it would remain similar. Also, the second bucket has the same logic but maybe more people are being promoted to higher ranks leading to an absolute increase in the number of high ranking officers being killed.

Fair enough! You can say the percentage of them being killed has gone up.

Given that we know the people are getting killed during deals, I would like to identify who the killers are. It could be 1) Men from the rival gang 2) The police 3) The general public, if there is a bounty on our gang members 4) The party they are conducting the deal with, maybe the deal falls through in the last minute, leading to a shootout 5) Members from our gang that have gone rogue.

Great! You can say that mainly members from the rival gang and some police officers have been killing our men.

Okay. I would like to analyse why these two groups have been able to get the better of us in the last 5 months and what has changed. It could be because they have an advantage with respect to: 1) Better information, leading to tactical advantage 2) Better equipment and guns than us. 3) Number of people being sent for deals. They might have an advantage with respect to a greater number of hitmen being sent. 4) Skill-level. This would relate to their skills and quality of the men in their gang. 5) External advantages - maybe they have an advantage with regard to the location, etc.

Perfect! You can say that they have an advantage with regard to information about our gang and its functioning.

Okay (*Draws out a process map*). So, the information about our gang can slip out during

The planning stage - The travel to the location - During the deal itself - At the time of leaving

Do we know at which step information is being leaked?

Look into the planning stage.

Sure, do we have any information on where the planning is done and by whom? Has this process changed in the last 5 months?

Great! The planning is done at Alessandro's house with the 5 top ranking members of his gang. The planning has always been done like this.

Here, I would like to analyse the following sources from where information could be leaked: 1) Alessandro himself 2) Any of the top 5 ranking members 3) Security and staff present at the house 4) Any mics or camera present in the house due to bugging.

The Godfather

Walkthrough

CASE TYPE

UNCONVENTIONAL

CURATED BY THE AUTHORS



Most unconventional cases don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

Are you missing anyone?

Oh yes! His family members are present in the house too. Who are the family members that live in his house?

That's right. Analyse his family. He lives with his wife, mother and two teenage daughters.

That's interesting. I'd like to divide the information being leaked into two buckets: Intentionally and Unintentionally. Under intentionally, I'd try to understand different incentives that his family members would have to betray him and his operations. Under unintentionally, I'd like to understand the amount of information they have and the various people they might discuss the same with by mistake or without knowing its importance.

Great. We have no reason to believe that anyone in his family would intentionally leak information. Under unintentionally, who do you think might be the prime candidate?

The daughters! They might not understand the seriousness of the issue due to their age. They also interact with plenty of people at school, playgrounds, malls and other places they might visit.

Kudos. You've cracked it. It has been understood that Sophia, his younger daughter, used to talk about matters of these meetings with Pedro, a boy in her grade. The rival gang had gathered that Sophia and Pedro were good friends. Roughly 5 months back, they inducted Pedro as an informant in their gang. Thank you for your help, you may now leave. Keep in mind, if you reveal these discussions to anyone, you won't see the light of morning!

The Godfather

Framework

MAFIA RIVALRY IN ITALY

Clarifying Questions

- Which segment of the mafia?
- Rival gang status?
- Manner of death?

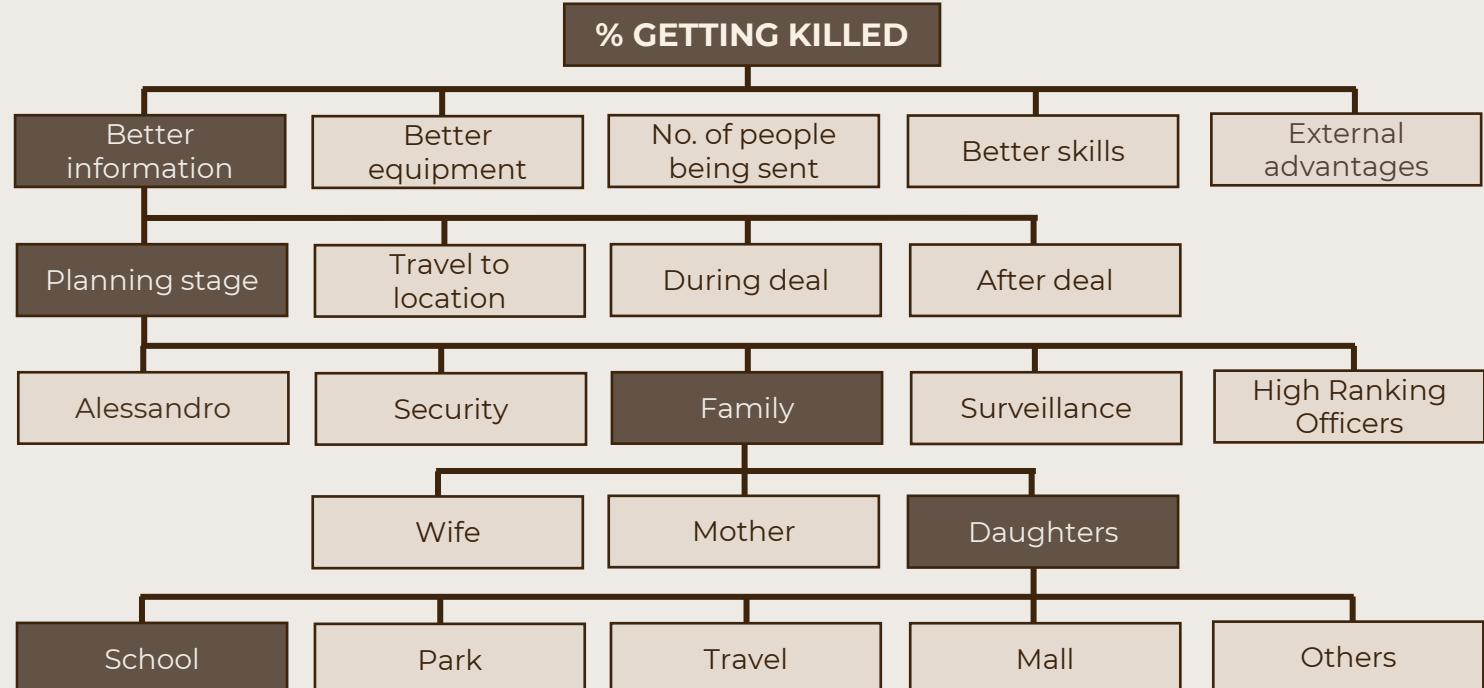
Brownie Points

- Mentioning possibility of his house being tapped
- Possibility of a bounty being placed on the members of the gang

Keep In Mind

- Take your time during open-ended unconventional cases
- Break down any information into its component parts

No. of men killed = No. of men in the gang x Percentage of high-ranking officials x Percentage getting killed



Where's Perry?

Walkthrough

CASE TYPE

UNCONVENTIONAL

COMPANY

MCKINSEY & CO.

ROUND

BUDDY

Most unconventional cases don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

Hey. Let's go back 5 years to 2016. Imagine you've just been hired as a Business Analyst and your first task is intriguing. Mr. Perry, a Senior Partner at the firm, used to be disciplined and punctual. However, off-late, he arrives 30 minutes late to the office every day. This is a cause of concern and you have been approached to understand the issue without directly asking him as it may upset him.

Interesting. I'd first like to understand since when he's been coming late to office? And if it is just his arrival or is it that he leaves early too?

Sure. This has been happening for the last 2 weeks. No, he leaves on time.

Interesting. I'd like to understand a little bit more about the partner. What is his role? Which project has he been working on? Which team is he working with? What are the office hours? Has any of this changed in the last 2 weeks?

Great question. In fact, he is incredibly satisfied with his work according to his feedback and none of this has changed in the last 6 months.

Sure. Where does he stay? Have there been any notable changes in his life such as a divorce, medical problem, etc.?

Not at all. He has lived in Delhi for the last 10 years. We don't suspect any personal problems either.

Sure. Lastly, I'd like to understand if there are any other partners in the firm that have also been coming late?

We're not entirely sure of that. In the higher ranks, he is the only one that has been coming late and hence this is an immediate cause of concern.

Okay. As per the information given, I am willing to rule out any personal/lack of incentive/motivational reasons for coming late. Instead, I would like to map the journey of Mr. Perry's travel from his house to the office and see where the problem is arising.

Sure. Let us proceed.

I believe his journey would look like this:

Wakes up – Morning routine - Gets ready for office – Travels to office – Arrives at office – Reaches his desk at work

I would like to analyse each of these steps. Firstly, has the time he wakes up changed? Under morning routine, I'd like to understand if there is any cause of delay. For example, earlier, he had a meal service, now he cooks on his own. Under getting ready, I'd like to understand if there has been some additional office work that he has to prepare for. There is a good chance that the problem lies in the travel phase. Here, I'd like to analyse the time taken to commute. Once he arrives, I'd like to understand if there is any change in his parking location etc. Finally, I'd like to analyse the manner of reaching his desk and checking in. Maybe he does reach on time but there has been some elevator issue or issue with the attendance procedure causing him to appear late.

Where's Perry?

Walkthrough

CASE TYPE

UNCONVENTIONAL

COMPANY

MCKINSEY & CO.

ROUND

BUDDY

Most unconventional cases don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

Great. In fact, you were right. Everything else has been the same. However, his time taken to commute has increased causing him to reach late.

Sure. Since

Time taken in commute = (Total distance travelled / Average speed) + Time spent in stoppage and rest,

We shall analyse each step individually.

Under Distance –

- The route travelled might have changed which increases the distance to be travelled
- The starting (House) or ending (office) points might have changed

Under Average speed –

- Quality of road might have deteriorated causing him to drive slower
- Increased traffic on his route
- New speed limits which earlier were not present
- Greater number of traffic signals and speed bumps causing him to slow down

Under Time spent in stoppage/rest-

- He might be taking a restroom break
- He might be taking a break for snacks
- He might be stopping at a toll booth

Has there been a change in any of the above factors?

Perfect. His time spent at the toll booth has increased. Can you analyse why?

Time spent at Toll booth = (Number of cars present at any moment/Number of operational toll booths) * Turnover time per car at a booth

Has there been a change in any of the above factors?

The turnover time per car has increased. Look into that.

The turnover time can be broken down into:

Time spent in letting the car enter the booth - Time spent at the booth – Time spent in opening the gate

Where's Perry?

Walkthrough

CASE TYPE

UNCONVENTIONAL

COMPANY

MCKINSEY & CO.

ROUND

BUDDY

Most unconventional cases don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

Since it is around 30 minutes of delay, my hypothesis is that the time spent at the booth has increased. This could be because of:

- Poor staff
- Faulty or inefficient system
- Transactional problems
- Policy changes causing increase in time

What would you include under transactional problems?

There might be some delay caused due to the following:

- Credit/Debit card machines are not operational
- Lack of change with Mr. Perry or the Toll both
- Difficulty in issuing ticket

Perfect. There has been an overall lack of change at the toll booth as well as with Mr. Perry. Can you analyse why?

(Thinks) I'm not sure.

Maybe it has something to do with the year?

Aaah, 2016. Demonetization!

Exactly. Demonetization has led to a lack of change in the system causing an increase in wait-time at the toll booth over the last 2 weeks. It was great interacting with you. Thank you.

(Recommendations in the next page.)

Where's Perry?

Framework & Recommendations

DETECTING THE REASON BEHIND MR. PERRY'S UNPUNCTUAL BEHAVIOUR

Clarifying Questions

- Any changes in personal or professional life?
- Similar problem with other partners?

Brownie Points

- Maybe he is arriving on time but there is a discrepancy in the system

Keep In Mind

Try to always connect the case back to information you would have got. Any information given by the interviewer can be relevant.

MR PERRY'S JOURNEY



$$\text{Time Taken} = \frac{\text{Distance Travelled} + \text{Time Spent In Stoppages}}{\text{Average Speed}}$$

TIME SPENT IN STOPPAGES



RECOMMENDATIONS

Mr. Perry can do either of the following:

- Keep more change with himself by planning ahead to ensure his turn is completed quicker
- Buy a monthly/yearly pass; Express pass also makes sense to reduce time in transactional delays

GUESSTIMATES



FRAMEWORK

Most Guesstimates require you to make an estimate of the number of people that would purchase a product/service and the footfall of particular locations or events. Guesstimates require you to be analytical, logical and concise. It is a type of question asked not just in case interviews but also in other interviews as this is an indicator of your creativity and problem-solving ability.

Guesstimates can be asked in 2 ways. As a standalone estimate or as part of a market entry case. Keep in mind, it is not the final answer, but how you reach your final answer that matters.

An example of a guesstimate would be – "Estimate the number of washing machines sold in a year."

Important questions you can ask before you begin:

- 1) Over what time period and in which location am I estimating this amount?
- 2) If you are estimating market size, clarify if you need to estimate it in terms of units sold or revenue generated
- 3) Clarify the industry and price point in case you are unfamiliar to better arrive at the final answer

Note: To make things easier for you, ask the interviewer if you can assume a standard size product for the purpose of this case. For e.g. in the washing machine example, there are numerous price ranges and types of washing machines sold In India. Accounting for all of this would become really hard. Hence, assume an average price and a standard-size washing machine to be the only type sold.

There are two common ways to begin a guesstimate – Demand side and Supply side

Demand Side: As the name suggests, you aim to estimate the total demand for the product/service assuming there are no supply side constraints. The starting point of most demand side approaches is the total population that have access to the product/service. Using various parameters, you eliminate parts of the population to arrive at your final answer.

Parameters you can use while arriving at your estimate -

URBAN-RURAL SPLIT	INCOME SEGMENTATION	GENDER SPLIT	AGE DIVIDE	EMPLOYED-UNEMPLOYED SPLIT
FORMAL-INFORMAL SECTOR SPLIT	DIGITAL LITERACY RATE	HOUSEHOLD SIZE	LITERACY RATE	AVERAGE NO. OF UNITS /PERSON

FRAMEWORK

B) Supply Side: This method is generally preferred when you have a bottleneck i.e. supply side constraint. For e.g. Number of Burgers sold in McDonald's outlet in Connaught Place. No matter what the demand is, the store cannot make more number of burgers than its maximum capacity and hence there is a supply side constraint. Hence, we use the supply side approach.

Important parameters you can use in supply side approaches -

MAXIMUM CAPACITY	NUMBER OF HOURS OF OPERATION	PEAK AND NON-PEAK HOURS	AVERAGE OCCUPANCY/HOUR	NUMBER OF UNITS/ CONSUMER
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Note: Keep in mind, it is incredibly important to correctly identify whether to approach the problem through supply or demand side. An *intuition that becomes better with more and more practice*.

Guesstimate Cheat Sheet – The following number can help you in your calculations. These are rough estimates as of June, 2021

Urban-Rural Split		Average Family size		Total Area		Gender Divide	
Urban	30%	Urban	4	India	3.2M KM ²	Male	50%
Rural	70%	Rural	5	Delhi	1500 KM ²	Female	50%
Income Split		Age Divide		Household Expenses		Religious Divide	
UC	20%	0 - 18	30%	Food	50%	Hindu	80%
UMC	25%	18 - 35	40%	Travel	20%	Muslim	15%
LMC	25%	35 - 60	20%	Other	20%	Christian	2%
BPL	30%	60 +	10%	Savings	10%	Other	3%

Note: The population of India can be approximately taken as 140 crores. Familiarize yourself with facts relating to your home state as well. Ask the interviewer if your estimates are reasonable before proceeding.

Money Heist

Walkthrough

CASE TYPE

GUESSTIMATE

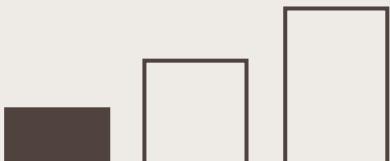
COMPANY

Z.S. ASSOCIATES
(ADAPTED)

ROUND

PARTNER

Most guesstimates don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

Your client is the professor from Money Heist. His team has just robbed the Royal Mint of Spain to the tune of €2.4 billion in cash. He needs your help in transporting this to their safe-house located 15 km away. How many mini-trucks will he need to buy?

Alright. So, our objective is to determine the number of mini-trucks the Professor will require in order to transport €2.4 billion. Am I right?

Yes.

I have a couple of questions before I begin. How many trips is the money going to be transported in? What denomination are the notes in? How are they packed?

The money has to be transported in a single trip. You can assume that the currency notes are in €100 denomination. They are to be loosely transported.

Got it. I will first estimate the volume of 1 note of €100 and the number of such notes. Next, I will estimate the volume of 1 mini truck. The following formula will help us arrive at the number of mini-trucks:

$$\text{Number of mini-trucks required} = (\text{Number of notes} * \text{Volume of 1 note}) / (\text{Volume of 1 mini-truck} * \text{Number of trips})$$

This is based on 2 assumptions:

- 1) The mini-truck can work at full capacity and will not have a problem carrying the weight of the money.
- 2) There is no wastage of space when the trucks are loaded.

Sounds good.

To calculate the volume of 1 note, we will need its length, width and thickness. A currency note is usually as long as a 15 cm ruler. The ratio of length to width is approximately 2:1. This means we can take the width to be about 7 cm. Calculating the thickness of a single note will be difficult. It will be easier to imagine a bunch of 100 notes. A bunch of 100 notes will be about 1 cm thick. Thus, the thickness of 1 note will be about 0.1 mm or 0.01 cm. We now have enough information to calculate the volume of 1 note.

$$\begin{aligned}\text{Volume of 1 note} &= \text{Length} * \text{Width} * \text{Thickness} \\ &= 15 \text{ cm} * 7 \text{ cm} * 0.01 \text{ cm} \\ &= 1 \text{ cm}^3 \text{ (approx.)}\end{aligned}$$

Let's now calculate the number of notes.

Money Heist

Walkthrough

CASE TYPE

GUESSTIMATE

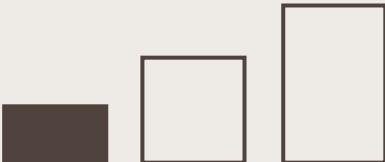
COMPANY

Z.S. ASSOCIATES
(ADAPTED)

ROUND

PARTNER

Most guesstimates don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

$$\begin{aligned}\text{Number of notes} &= \text{Total amount}/\text{Denomination of 1 note} \\ &= €2.4 \text{ billion}/€100 \\ &= (2.4 * 10^9)/10^2 \\ &= 2.4 * 10^7\end{aligned}$$

We must now estimate the volume of each mini-truck, specifically its cargo body. Can I assume the mini-truck to be similar to a Tata Ace which is commonly used in India?

Sure.

Okay. Again, we need to estimate the length, breadth and height of the cargo body of the truck. The breadth of the body is approximately equal to 5 feet or 150 cm and the length is about twice of this, i.e., 300 cm. The height of the cargo body will not be more than 6 feet, i.e., 180 cm (approx.).

$$\begin{aligned}\text{Volume of 1 truck} &= \text{Length} * \text{Breadth} * \text{Height} \\ &= 300 \text{ cm} * 150 \text{ cm} * 180 \text{ cm} \\ &= 8 * 10^6 \text{ cm}^3 (\text{approx.})\end{aligned}$$

We can now substitute the values in the original formula.

$$\begin{aligned}\text{Number of mini-trucks required} &= ((2.4 * 10^7) * 1)/(8 * 10^6) \\ &= 3\end{aligned}$$

Therefore, 3 mini-trucks are required.

Great work.

Money Heist

Framework

TRANSPORTING THE LOOT

Clarifying Questions

- How many trips?
- What denomination are the notes?

Brownie Points

- Confirming that the truck will be able to handle the load

Keep In Mind

- Visualising the problem helps a great deal when you solve a guesstimate

NO. OF MINI TRUCKS

3

Volume Of Notes
 $2.4 \times 10^7 \text{ cm}^3$

Volume Of Each Truck
 $8 \times 10^6 \text{ cm}^3$



Length
300 cm

Breadth
150 cm

Height
180 cm

Volume Of Each Note
1 cm^3



No. Of Notes
 $\text{€}2.4 \times 10^7$

Length
15 cm

Width
7 cm

Thickness
0.01 cm

Total Amount
 $\text{€}2.4 \times 10^9$

Denomination Of
Each Note
€100



Hala Madrid!

Walkthrough

CASE TYPE

GUESSTIMATE

COMPANY

KEARNEY

ROUND

BUDDY

Most guesstimates don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

You spoke about your passion for football. Which is your favourite football club?

Yes sir. I'm a die-hard supporter of Real Madrid.

That's great. How many Real Madrid jerseys do you think are sold in India?

Are we talking about the official jersey which costs about Rs 6,000 or are we including replicas as well? Also, what duration are we talking about?

I am talking about official jerseys sold in a year.

Got it. A good place to start is India's population. Then, we can keep narrowing the population based on certain eliminating factors. First, it makes sense to divide the population of 1.4 billion into 30% staying in urban areas and 70% staying in rural areas. The demand for jerseys in the rural areas will be negligible due to lower income as well as lower exposure to international football. Even the ones who buy jerseys would probably buy replicas. Therefore, I would like to eliminate this section. That leaves us with about 400 million people.

Makes sense.

Next, we can slice the urban population according to different income levels:

Category	Income	Population percentage	Population
Below Poverty Line	< Rs 10,000/month	30%	120 million
Lower Middle Class	Rs 10,000 – Rs 20,000/month	30%	120 million
Upper Middle Class	Rs 20,000 – Rs 80,000/month	30%	120 million
Upper Class	> Rs 80,000/month	10%	40 million

Since the official jerseys are quite costly, I believe only the upper class would be able to afford it. Other football fans may opt for the replica which is considerably cheaper. This leaves us with 40 million people. In our country, the people that watch football are young. Therefore, we divide the population into different age groups and look at how many people follow football from each age group. While doing this, we will also keep in mind that boys are more interested than girls when it comes to football.

Hala Madrid!

Walkthrough

CASE TYPE

GUESSTIMATE

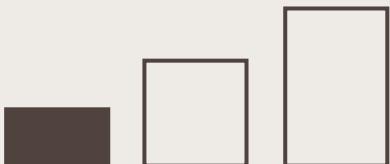
COMPANY

KEARNEY

ROUND

BUDDY

Most guesstimates don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

Sure. Go ahead!

Age Group	Population percentage	Population	Category	% following football	Number of people
< 18	40%	16 million	Male (8 million)	25%	2,000,000
			Female (8 million)	5%	400,000
18 - 40	30%	12 million	Male (6 million)	10%	600,000
			Female (6 million)	2%	120,000
40+	30%	12 million	Male (6 million)	0%	0
			Female (6 million)	0%	0
Total					3 million (approx.)

We have now arrived at the number of people who follow football closely in India and can afford to buy the official jersey. We must keep in mind that there are multiple football clubs that people follow and are usually loyal to one of these. There are 2 majorly followed leagues – the Premier League and the La Liga. Let's say that each of these leagues has 4 teams which enjoy popular support in our country and the fans are equally divided across these teams. That means about one-eighth of the 3 million people will be Real Madrid supporters, i.e., 375,000 supporters.

Out of these, maybe one in five would like to own an official jersey of the team. This is based on what I've seen in my own friends' circle. That gives us a number of 75,000 official Real Madrid jerseys that are sold in our country.

We are left with one final step.

$$\text{Number of jerseys sold in a year} = \text{Total number of jerseys sold}/\text{Life of one jersey}$$

One jersey would last about 5 years. Therefore, the total number of official Real Madrid jerseys sold in India every year is equal to 15,000!

Lovely.

Hala Madrid!

Framework

REAL MADRID JERSEYS SOLD IN INDIA IN ONE YEAR

Clarifying Questions

- Only official jerseys?
- What duration?

Brownie Points

- Dividing football followers into 8 clubs
- Drawing insight from personal experience

Keep In Mind

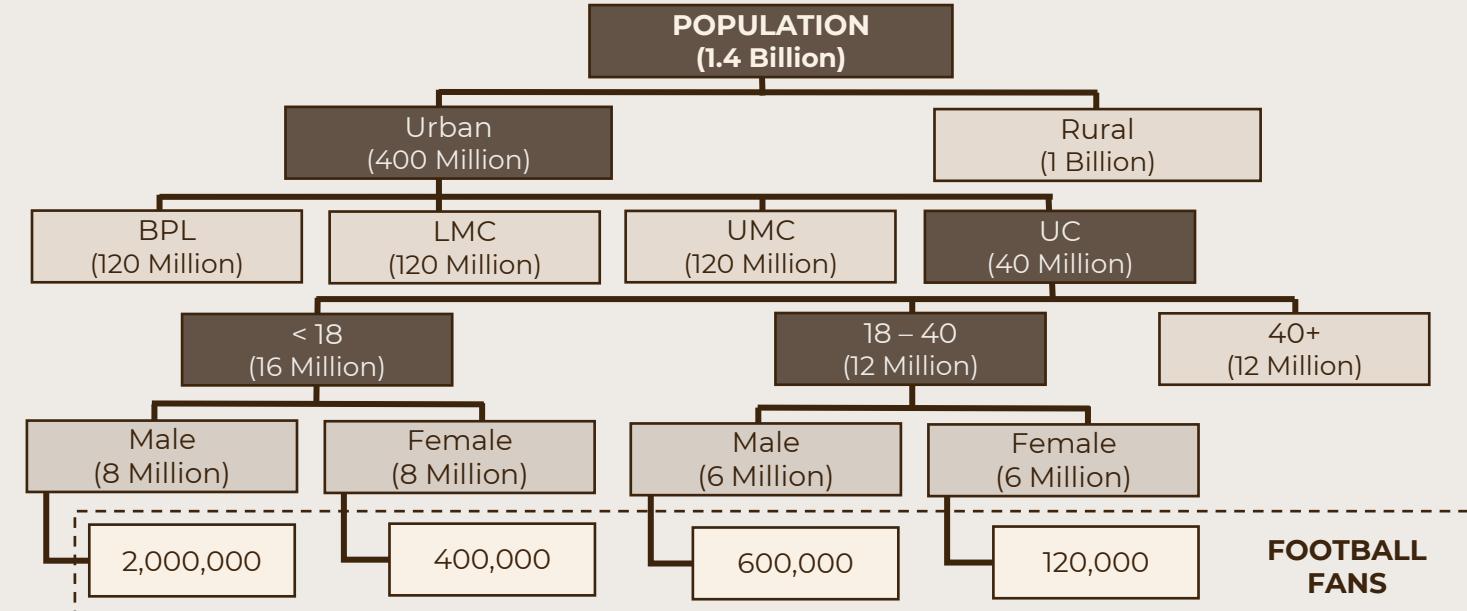
- Avoid calculation mistakes by rounding off numbers wherever required

BPL: Below Poverty Line

LMC: Lower Middle Class

UMC: Upper Middle Class

UC: Upper Class



$$\text{Number Of Jerseys Sold In A Year} = 75,000 / 5 = 15,000$$

Subway Surfers

Walkthrough

CASE TYPE

GUESSTIMATE

COMPANY

Kepler Cannon

ROUND

Manager

Most guesstimates don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

I'm assuming you travel to college by metro. What if you had to estimate the fleet size of Delhi metro? How would you go about it?

Yes, I commute by metro almost everyday. What exactly do we mean by fleet size?

Fleet size means the number of trains in the network at a given point in time.

Are we talking about the active fleet of trains in the network or are we also including those which are in the yard and are not in use currently?

Good question. We are only concerned with the active fleet.

Understood. The active fleet can be calculated using the following formula:

$$\text{Number of trains} = \text{Number of metro lines} * \text{Number of trains/line}$$

I know that there are 10 metro lines in Delhi. To calculate the number of trains/line, we can look at the frequency of trains and make an estimate of the time it takes the train to complete the trip from the first station to the last station on the line.

I travel to college on the yellow line. There is one train which comes every 4 minutes in peak hours. We are only concerned by the frequency in peak hours since our objective is to find the maximum number of trains in use at any point during the day. This will essentially give us the fleet size. The journey from the first stop to the last stop of the yellow line takes about 80 minutes. However, I think the yellow line is one of the longer lines in the metro network. After adjusting for this, we can say that the average metro route can be covered in about 60 minutes.

$$\text{Number of trains/line} = \text{Total time taken to complete journey}/\text{Frequency of trains}$$

Therefore, the number of trains/line is about 15. However, we still have to take one thing into consideration. These 15 trains are going in one direction. There are another 15 which will be going in the opposite direction at the same time. Thus, we are left with 30 trains/line. Finally, we can multiply it with the total number of lines in Delhi, i.e., 10.

Hence, the active fleet size of Delhi metro = $10 * 30 = 300$.

Good job.

Subway Surfers

Framework

FLEET SIZE OF DELHI METRO

Clarifying Questions

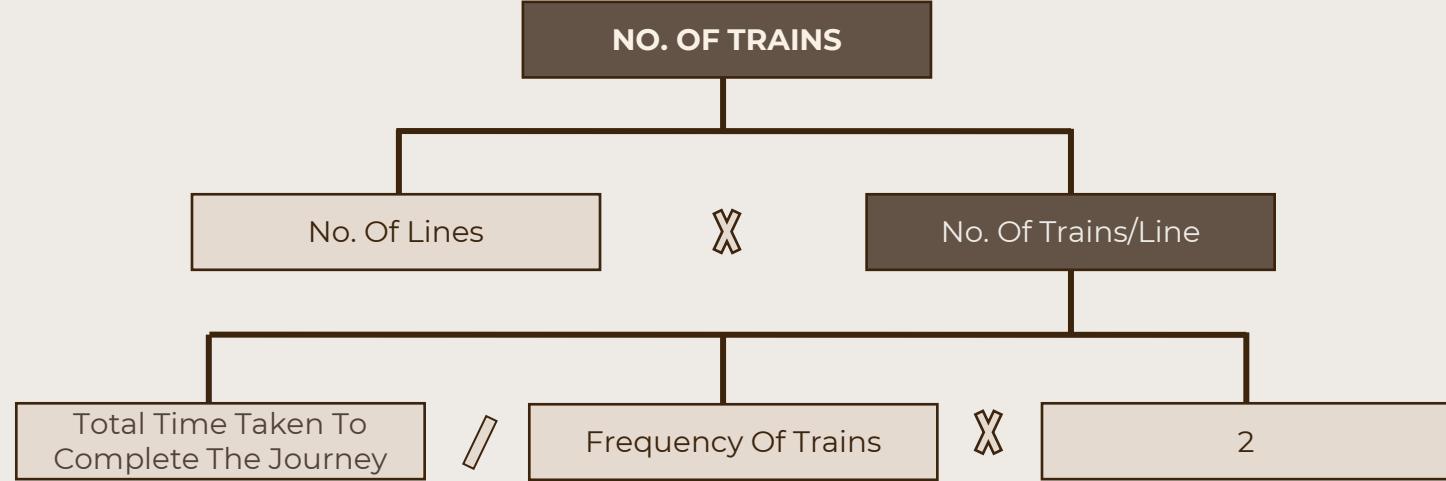
- What do we mean by fleet size?
- Are we concerned only with the active fleet size?

Brownie Points

- Incorporating own travelling experience to make more accurate assumptions

Keep In Mind

- It is easier to solve guesstimates if you can visualise the problem at hand
- Account for only peak hours while calculating the fleet size



Don't Do Coke

Walkthrough

CASE TYPE

GUESSTIMATE

COMPANY

BCG

ROUND

PRINCIPAL

Most guesstimates don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

Hey, let's begin with a quick case. You are required to estimate the volume of Pepsi sold in a cricket game at the Wankhede stadium, Mumbai.

Oh wow, that's interesting! Are we talking about an international match, IPL match or Ranji Trophy/domestic tournament match? Also, can I make the assumption that this is pre-covid when crowds were allowed in stadiums? How is the weather during the match?

It is an IPL match between Royal Challengers Bangalore and Mumbai Indians. Yes, assume the year is 2019. It is a pleasant evening – not too cold and not too hot.

Okay. I can begin now. My formula would be as follows –

Total volume of Pepsi sold = Total number of seats * % occupancy * % that purchase a soft drink * % that purchase Pepsi * Volume purchased by each person

I would first estimate the total number of people that can be accommodated by the stadium. Wankhede is an average-sized stadium in India. By my understanding, it has around 8 stands and an average of 4,000 seats in each stand. This would give us a total capacity of 32,000 seats in the stadium.

Considering it is a high-profile match with popular players on both sides, it would be reasonable to assume a 90% occupancy rate.

To estimate the percentage that would buy a soft drink, I would like to look at 3 filters – Income, Health, Mood. Since around 4 out of the 8 stands have affordable tickets, we can assume that these are people that are budget conscious and considering a glass of Pepsi is expensive inside a stadium, we can rule them out from purchasing the drink (*The logic is similar to a movie theatre where middle class consumers are reluctant to spend on soft drinks*). There also exists a percentage of people that avoid soft drinks for health reasons. We can assume this percentage to be around 30%. Lastly, among the people that can afford and do drink soft drinks, we can assume around 20% to not be interested in a soft drink on the given day. This gives us $50\% * 70\% * 80\% = 30\%$ (approx.).

Next, there are around 4 popular soft drinks. If the preference was uniform, we would get 25% per drink. However, adjusting for the fact that Pepsi is more popular, we can assume around 40% would purchase Pepsi.

Lastly, we can assume an average of 1.25 glasses consumed per person (Around 1 glass per person and accounting for 1 in 4 people buying 2 glasses). Each glass is around 300ml, so this gives us 375 ml on an average.

Putting the numbers into the formula we get -

$$\text{Total volume of Pepsi sold} = 32,000 * 90\% * 30\% * 40\% * 375\text{ml} = 1296 \text{ litres}$$

Therefore, we can assume approximately 1,300 litres of Pepsi is sold in an IPL match in the Wankhede stadium.

Don't Do Coke

Framework

AMOUNT OF PEPSI SOLD

Clarifying Questions

- What type of a cricket match is it?

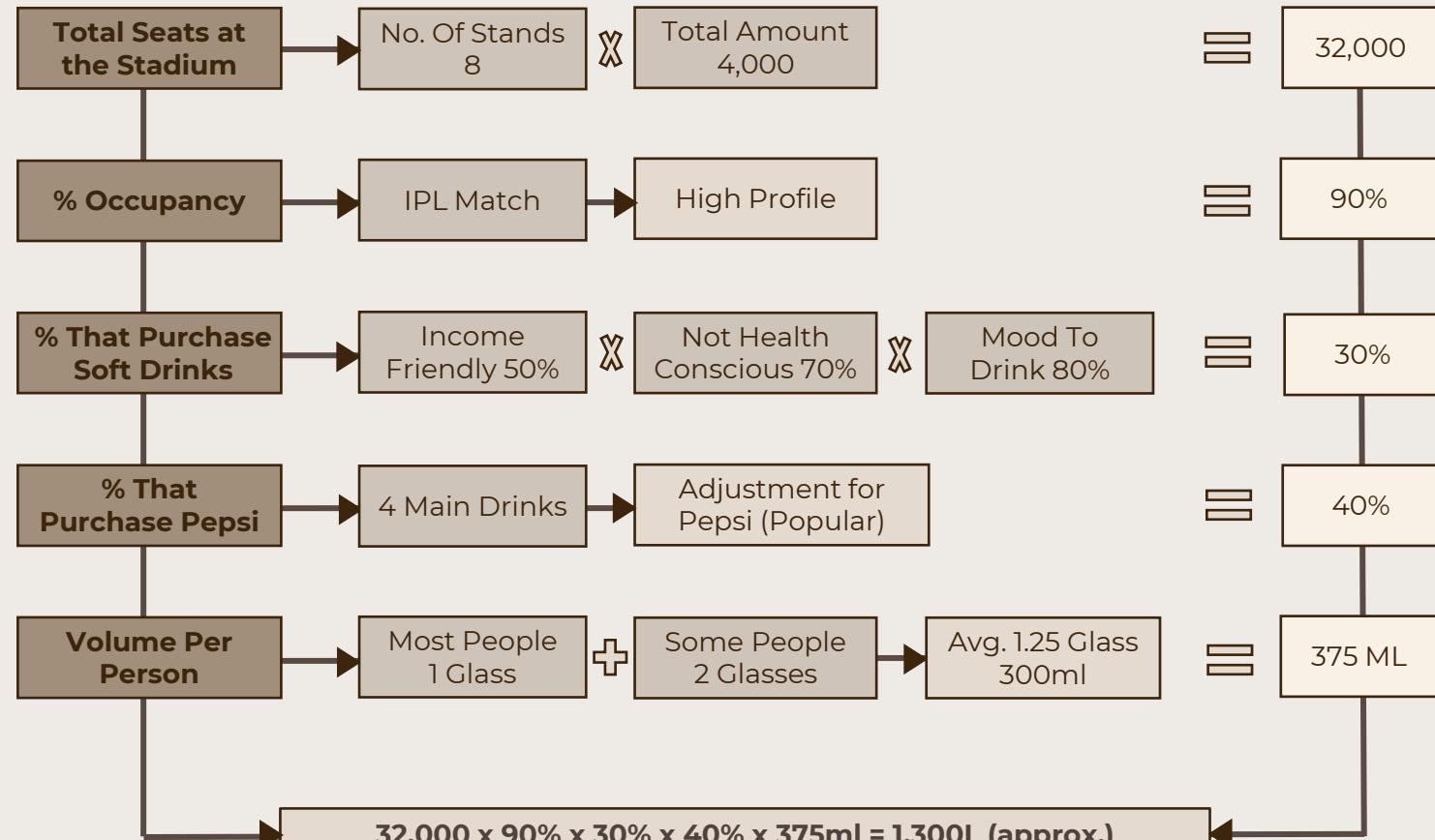
Brownie Points

- Accounting for different factors while arriving at % of people that purchase soft drinks at the stadium
- Asking about the weather

Keep In Mind

- Such a guesstimate came about after discussion with the Interviewer. The candidate expressed interest in cricket. Fret not, you would not be required to know intricate details about stadiums and cricket in general.

Volume Of Pepsi Sold = Total Seats At The Stadium X % Occupancy X % That Purchase Soft Drinks X % That Purchase Pepsi X % Volume Per Person



My Name is Khan

Walkthrough

CASE TYPE

GUESSTIMATE

COMPANY

BAIN & COMPANY

ROUND

MANAGER

Most guesstimates don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

You need to estimate the number of people who visit Khan Market in a day.

Sure, I have some clarifying questions. What day are we talking about? Weekend/Weekday/Festival etc.

You can assume it to be a weekend.

Alright. What do we mean by number of people? Will we include the employees and casual walkers as well?

Good question. We mean the number of people visiting with a purpose.

Sure, thank you. From what I know, people visit Khan Market for shopping and its restaurants. Is there any other purpose I should be aware of?

No, you can look at these two.

Sure. We can analyse this problem by identifying bottlenecks from the supply side.

Step 1: Estimating the number of restaurants

Step 2: Distribution of occupancy rates across the day

Step 3: Estimating the number of shops

Step 4: Distribution of footfall across the day

Step 5: Subtraction of overlap of people eating as well as shopping

Does this process seem okay to you or should I look at something else?

You can proceed with this structure.

Sure.

Step 1: Estimating the number of restaurants

Khan Market has 2 inner lanes and 2 outer lanes

Assuming 10 restaurants per inner lane and assuming 15 restaurants per outer lane gives us 50 restaurants.

Step 2: Distribution of occupancy rates across the day

Assuming every restaurant is equally popular (it averages out), we do not have to categorise the restaurants according to popularity.

(Refer to Table 1)

My Name is Khan

Walkthrough

CASE TYPE

GUESSTIMATE

COMPANY

BAIN & COMPANY

ROUND

MANAGER

Most guesstimates don't fall under a specific industry, hence an open mind always helps



DIFFICULTY

Total number of people visiting a single restaurant = 168
Total = $168 * 50 = 8,400$

Assumption: Turnaround time of every table is 1 hour.

Step 3: Estimating the number of shops

Khan Market has 2 inner lanes and 2 outer lanes
Assuming 10 shops per inner lane and assuming 10 shops per outer lane gives us 40 shops

Step 4: Distribution of occupancy rates across the day

(refer to Table 2)

Total number of visits per shop = 134
Total number of visits in all shops in Khan Market = $134 * 40 = 5,360$
On an average a person visits 3 stores.
Total number of people shopping at Khan Market = $5360 / 3 = 1,800$ (approx.)

Step 5: Subtraction of overlap

On an average, we can assume 1 in every 4 people that go shopping in Khan market will eat at restaurants. This is based on my personal experience going shopping to any place.

People exclusively coming for shopping = $1,800 - (1,800 / 4) = 1,350$.

Total number of people coming to Khan market everyday = $8,400 + 1,350 = 9,750$.

Good job. We can close the case now.

My Name is Khan

Framework

NUMBER OF PEOPLE WHO VISIT KHAN MARKET IN A DAY

Clarifying Questions

- Whether employees are included in footfall?
- Which day?
- Why do people visit Khan Market?

Brownie Points

- Avoiding double counting by identification of overlap of people who visit for shopping as well as dining

Keep In Mind

- It is important to state all assumptions explicitly

TABLE 1

Hours (Working hours 10 AM - 10 PM)	Occupancy rates (Average seating - 5 tables of 4 = 20)	Total (Assuming turnover period of 1 hour)
Peak (1 PM – 3 PM and 7 PM – 10 PM) = 5 hours	100%	100 (20*5)
Medium (4 PM - 7 PM) = 3 hours	60%	36 (12*3)
Low (10 AM - 1 PM and 3 PM - 4 PM) = 4 hours	40%	32 (8*4)

TABLE 2

Hours (Working hours 10 AM - 10 PM)	Footfall	Total
Peak (1 PM – 3 PM and 7 PM – 10 PM) = 5 hours	Every 3 mins one person enters = 20 people/hour	100 (20*5)
Medium (4 PM - 7 PM) = 3 hours	Every 10 mins one person enters = 6 people/hour	18 (6*3)
Low (10 AM - 1 PM and 3 PM - 4 PM) = 4 hours	Every 15 mins one person enters = 4 people/hour	16 (4*4)

NUMBER OF PEOPLE



BEFORE WE BID ADIEU

You are about to step into the most challenging part of your college life. Do not let stress, anxiety and fear surmount your health. The last year of college can be overwhelming. Nothing tests you like the placement season. Strap in, you're in for the ride of your life! In all its glory, there are certain things about the process we wish we knew before we dived right in.

There will always be people you think that are better than you. Focus on yourself and work on what you can. We ourselves did not fit the "ideal standards" for a conventionally perfect candidate. Among the 4 of us, two of us did not have an on-campus internship, one of us had a mere 6.9 GPA, and the other only had a single society on their resume at the end of the first year. None of that stopped us from coming together and pouring our hearts out into the preparation of what seemed like an unrealistic goal at the time.

Yet, we can not stress enough on the importance of being content with yourself. There are factors at play that we have little control over. Both fortunately and unfortunately, luck plays a big role. That's how the placement process is - daunting, confusing and rarely satisfying. Step into the rat race knowing that this is only a part of your life, not a determinant of your efforts, capabilities or value. Not everyone gets what they wanted when they started out. Trust in the process and work on yourself, it is unfortunately the only thing we can control.

Do not let the process get the better of you. You will see your peers making shortlists and cracking interviews, you should always give credit where it's due. Similarly, when you succeed, stay down-to-earth and help those that are not as lucky as you.

Nothing humbles you like the placement process. Keep your head in the game, give it everything and be process oriented - never goal oriented, because only then will happiness follow (Not success. It's a mere illusion, just a lucky add-on!)

With that being said, best of luck on this journey!



BEST OF LUCK!

AT THE END OF THE DAY, HARDWORK IS THE
SOLE DIFFERENTIATOR



Reach out to us at
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