

Typical approach for brainstorming question on risks and challenges

Market specific risks

- Change in market dynamics
- Market consolidation
- Competitive response
- Risk of new comers
- Risk of substitutes

Financial risks

- Revenue-related
- Cost-related
- Capex-related

Operational risks

- Increase in operational complexity
- Quality control issues
- Scalability issues
- Lack of expertise
- ...

Typical brainstorming question on risks and challenges

McKinsey (2020)

Case prompt. Your client is a PE firm and they consider purchasing an almond farm. Should they?

Interviewer: What are some risks of acquiring this almond farm?

Market specific risks

- Change in market dynamics
- Market consolidation
- Competitive response
- Risk of newcomers
- Risk of substitutes

Financial risks

- Revenue-related
 - Exaggerated assumptions for sales
 - Further growth is limited by the field capacity
 - Variability in harvest yield
- Cost-related
 - Increase in fuel prices
- Capex-related
 - Lack of funding to execute the deal

Operational risks

- Limited labor pool in case of rapid growth
- Outdated equipment
- Outbreak of plant diseases
- Lack of expertise (of the PE firm)